

Honeywell

2014-2015
Annual Report

We are building a world
that's safer and more secure....
more comfortable and energy efficient....
more innovative and productive.
We are Honeywell.

Board of Directors

Mr. Surendra Rao	(Chairman & Independent Director)
Mr. Srinath Narasimhan	(Independent Director)
Mr. Norman Gilsdorf	(Director)
Mr. Anant Maheshwari	(Director)
Mr. Vikas Chadha	(Managing Director)
Ms. Nisha Gupta	(Director)

Senior Management Team

Ms. Anjani Ningoo	Head - Audit & Internal Controls
Mr. Anurag Anand	Head - Environment and Combustion Control – Homes and Solar Water Heater
Mr. Anurag Bhagania	Chief Financial Officer
Mr. Aseem Joshi	Head - Sensing & Controls
Mr. K. V. Ananthanarayanan	Head - Legal
Mr. Praveen Mellacheruvu	Head - Strategy & Marketing
Mr. Priyanshu Singh	Head - Building Solutions
Ms. Rachna Parashar	Head - Human Resources
Mr. Ravi Bagaitkar	Head - Honeywell Operating System
Mr. Rohit Mirakhur	Head - Integrated Supply Chain
Mr. Savyasachi Tumkur	Head - Sales, Process Solutions
Mr. Vivek Bhatia	Head - Global Services

Company Secretary

Ms. Sangeet Hunjan

Registered Office

56 & 57, Hadapsar
Industrial Estate,
Pune 411 013.

Auditors

Price Waterhouse & Co Bangalore LLP
Chartered Accountants

Bankers

Citibank N. A.

Registrar & Transfer Agent:

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

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NOTICE is hereby given that the **THIRTY FIRST ANNUAL GENERAL MEETING** of HONEYWELL AUTOMATION INDIA LIMITED will be held at **3.00 p.m. on July 21, 2015** in Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune 411 013 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Statement of Profit and Loss for the period ended March 31, 2015 and Balance Sheet as at that date.
2. To declare dividend.
3. To appoint Director in place of Mr. Anant Maheshwari who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:
"RESOLVED THAT pursuant to section 188 of the Companies Act, 2013 and Clause 49 VII C of the Listing Agreement with the Stock Exchanges, the following transactions/arrangements with Honeywell International Inc. be and are hereby approved for the period January 1, 2015 to March 31, 2016 as per details given below:

Name of Party	Nature of Relationship	Nature of Contract	Duration of Contract	Value (Rs. In lacs)
Honeywell International Inc.	Ultimate Holding Company	Sale, purchase or supply of any goods or materials	Contracts are on calendar year basis	17,500
		Sales of engineering services, Purchase of services		21,400
		Corporate allocations	Valid until terminated	7,000
		Sale or Purchase of fixed assets	To be executed as and when the transaction is to be carried out	100

RESOLVED FURTHER THAT Mr. Vikas Chadha, Managing Director and Mr. Anurag Bhagania, CFO, of the Company be and is hereby, authorized to do all such acts, matters, deeds and things with regard to any transaction/arrangement with the related party and execute such agreements, documents and writings, as may be necessary or desirable for the purpose of giving effect to this resolution."

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business to be transacted at the meeting, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF 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. Members holding more than ten percent of the total Share Capital of the Company 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 Meeting.

3. Corporate members intending to send their authorized representatives to attend the Meeting 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 Meeting.
4. Members desiring any information about the Company's working are requested to write to the Company at an early date so as to enable the Management to reply at the General Meeting.
5. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 277,690/- being the unpaid and unclaimed dividend amount pertaining to the year ended December 31, 2007 to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the year for any years subsequent to December 31, 2007 are requested to make their claim to the Office of the Registrar and Transfer Agents: 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.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 9, 2015 to Thursday July 16, 2015 (both days inclusive), for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
7. The Company's share are under the compulsory demat list. Shareholders are requested to utilize this facility to their advantage. Shareholders have been sent the ECS facility forms. Shareholders are requested to fill in the forms and take advantage of this facility.
8. Members are requested to promptly notify any change in their address to the Company's Registrars & Share Transfer Agents, namely, TSR DARASHAW LTD., 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai- 400 011.
9. As per the provisions of the Companies Act, 2013, facility for making nomination is now available for shareholders in respect of the shares held by them. Nomination forms can be obtained from the Share Registrars of the Company.
10. Shareholders are requested to bring their copy of Annual report to the meeting.
- 11. Voting through electronic means**
 - a. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 31st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members 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).
 - b. Members who have registered their e-mail IDs with depositories or with the Company are being sent this Notice by e-mail and the members who have not registered their e-mail IDs will receive Notice along with physical Postal Ballot Form through post/courier.
 - c. Members can opt for only one mode of voting i.e. either by Postal Ballot or through e-voting. In case you are opting for voting by remote e-voting, then please do not cast your vote by Postal Ballot and vice versa. In case Members cast their votes both by Postal Ballot and remote e-voting, the votes cast through remote e-voting shall prevail and the votes cast through postal ballot form shall be considered invalid.
 - d. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting/Postal Ballot shall be able to exercise their right at the meeting through ballot paper.
 - e. 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.

- f. The remote e-voting period commences on July 18, 2015 (9:00 am) and ends on July 20, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 14, 2015, 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.
- g. The process and manner for remote e-voting are as under:-
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
- i. Open email and open PDF file viz; "HWL remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - ii. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii. Click on Shareholder – Login
 - iv. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - v. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - vi. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - vii. Select "REVEN" of Honeywell Automation India Limited.
 - viii. Now you are ready for remote e-voting as Cast Vote page opens.
 - ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - xii. For the votes to be considered valid, the corporate and institutional shareholders (companies, trusts, societies, etc.) are required to send a scanned copy (PDF/JPG format) of the relevant Board Resolution/ Appropriate Authorization etc. together with attested specimen signature of the duly authorized signatory(ies), to the Scrutinizer through e-mail at jbbhave@gmail.com with a copy marked to evoting@nsdl.co.in.
- B. In case a Member receives physical copy of the Postal Ballot Form [for members whose email IDs are not registered with the Company/Depository Participants(s)]:
- i. Initial password is provided as below/at the bottom of the Attendance Slip for the AGM
REVEN (Remote e-voting Event Number) _____
USER ID _____
PASSWORD/PIN _____
 - ii. Please follow all steps from Sr. No. A (ii) to A (xii) above, to cast your vote.
- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- D. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- E. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- F. 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 July 14, 2015.
- G. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. July 14, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or hwlevoting2015@tsrdarashaw.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com.
- H. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on July 14, 2015, are entitled to vote on the Resolutions set forth in this Notice.
- I. Mr. Jayavant B. Bhave, Practicing Company Secretary of JDNASSA & Associates, Company Secretaries, Pune, has been appointed as the Scrutiniser to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- J. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, 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.
- K. The Scrutinizer shall after the conclusion of voting at the AGM, will 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 three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- L. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.honeywellautomationindia.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India, where the shares of the Company are listed.

By order of the Board of Directors

Gurgaon, May 25, 2015

Sangeet Hunjan
Company Secretary

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**Item Nos. 3:**

Name of Director	Mr. Anant Maheshwari
Date of Birth	07.04.1972
Date of Appointment	01.01.2013
Expertise in specific functional area	Engineering
Qualifications	<ol style="list-style-type: none"> 1. BE (Hons) Electrical & Electronics from BITS Pilani. 2. MSc (Hons) Economics, BITS Pilani 3. MBA (PGDBM), Indian Institute of Management, Ahmedabad.
List of Public Companies in which outside Directorships held as on March 31, 2015	Nil
Chairman/ Member of the Committees of the Board of the Companies on which he is a Director as on March 31, 2015	Nil

Mr. Anant Maheshwari is concerned and interested in the matter.

Except as stated above, none of the directors or Key Managerial Personnel of the Company are concerned or interested, directly or indirectly, in the matter.

Item No. 4:

M/s. Price Waterhouse & Co Bangalore LLP has completed 10 years as Statutory Auditors of your Company. The provisions regarding rotation of auditors, as prescribed under the Companies Act, 2013 are applicable to the Company. It is, hence, proposed to appoint M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) as the Statutory Auditors for a period of 5 years to hold office from the conclusion of the ensuing Annual General Meeting (2015) till the Sixth following Annual General Meeting AGM (2020). They have confirmed their eligibility and willingness for appointment as Statutory Auditors for the aforesaid period, as per Section 141 of the Companies Act, 2013.

The Board of Directors recommends their appointment to the shareholders.

None of the directors or Key Managerial Personnel of the Company are concerned or interested, directly or indirectly, in the matter.

Item No. 5:

The Company is an indirect subsidiary of Honeywell International Inc (HII). The Company enters into transactions with HII in ordinary course of business. The transactions are necessary and incidental to the business of the Company and it helps create value for the Company's customers and shareholders. These transactions are evaluated under Transfer Pricing regulations and additionally verified by an external agency for arms' length nature in the context of Companies Act, 2013.

For the period Jan 2015 to March 2016, the Company expects to have transactions aggregating Rs. 46,000 lacs with HII as below:

Name of Party	Honeywell International Inc.			
Nature of Relationship	Ultimate Holding Company			
Nature of Contract	Sale, purchase or supply of any goods or materials [Sec 188(1)(a) of Companies Act, 2013]	Availing or rendering of any services [Sec 188(1)(d) of Companies Act, 2013]	Availing of services [Sec 188(1)(d) of Companies Act, 2013]	Selling or otherwise disposing of, or buying, property of any kind [Sec 188(1)(b) of Companies Act, 2013]
Duration of Contract	Contracts are on calendar year basis	Contracts are on calendar year basis	Valid until terminated	To be executed as and when the transaction is to be carried out
Material Terms & Particulars of Contract	Sale, purchase or supply of any goods or materials	Sales of engineering services, Purchase of services	Corporate allocations	Sale or Purchase of fixed assets
Value (Rs lacs)	17,500	21,400	7,000	100
Name of Interested Director	Mr. Norm Gilsdorf, Mr. Anant Maheshwari and Ms. Nisha Gupta, being Promoter Directors			
Ordinary Course of Business	Yes			
Arm's length	Yes			

Dear Members,

The Directors present the **THIRTY FIRST ANNUAL REPORT** with the audited statements of accounts of the Company for the period ended March 31, 2015 .

1. FINANCIAL RESULTS:

Particulars	Period ended March 31, 2015 (Rs. in lacs)	Year ended December 31, 2013 (Rs. in lacs)
Sales & Other Income	242,611	172,563
Operating Profit	106,868	73,110
Less: Interest	44	39
Depreciation	1686	1,392
Profit for the year (Before Exceptional Item)	21,724	12,278
Exceptional Item	4,002	-
Profit for the year (After Exceptional Item)	17,722	12,278
Provision for tax	7,684	5,390
Deferred Tax Adjustment	(1,382)	(1,728)
PROFIT AFTER TAX	11,420	8,616
Profit brought forward from the previous year	61,305	54,585
Profit available for appropriations	70,253	61,305
APPROPRIATIONS		
General Reserve	1,142	862
Proposed Dividend	1,105	884
Tax on proposed dividend	225	150
BALANCE CARRIED FORWARD	70,253	61,305

2. DIVIDEND:

Final dividend @ Rs.12.50/- per share of Rs.10/- each was recommended by the Board in their meeting held on May 25, 2015.

3. OPERATIONS:

The Management Discussion & Analysis Report annexed herewith provides full details of operational performance and business analysis of these business units.

- **Honeywell Process Solutions (HPS)** serves core industrial sectors of Refining, Oil & Gas, Pulp & Paper, Metal and Cement etc.
- **Honeywell Building Solutions (HBS)** provides solutions and services for facilities such as Commercial & Industrial Buildings, IT & ITES industry, Hospitals, Hotels, Airports etc.
- **Environment and Combustion Control (ECC)** serves multiple brands through channels and offers environmental and combustion products and solutions to commercial, hospitality and industrial segments.
- **Sensing & Control (S&C)** business provides various sensors and switches to manufacturing and automobile

industry. This business serves primarily OEMs in various manufacturing industries such as auto, medical instrumentation, IT, etc.

- **Exports Business Group (EBG)** addresses manufacturing and engineering services needs of Honeywell along with some other non Honeywell customers across the globe, leveraging the cost, skills and knowledge arbitrage.

4. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company remains committed to making the world a better place and expanding community outreach through CSR activities. As part of its initiatives under CSR, the Company has partnered with Safe Kids Foundation India, a not-for-profit Trust, that aims to protect children in India from injuries and death in the home. 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, is annexed herewith as "Annexure A".

5. HONEYWELL OPERATING SYSTEM (HOS):

Your company is continuing on the operational excellence journey with strong focus on driving the Honeywell Operating System (HOS). HOS is favorably impacting Safety, Quality, Delivery, Cost and Inventory metrics. During 2014 Pune factory achieved the advanced level of HOS Silver Excellence and the Global Engineering Services (GES) supporting Honeywell Building Solutions (HBS) business achieved Silver level. In 2015 the main focus is on achieving Bronze level for manufacturing facility of Environmental and Combustion Controls (ECC) business at Vadodara, Gujarat and global back office of Honeywell Building Solutions in Pune. Further, the businesses have started contributing to the HOS Gold initiative to achieve next level of overall business performance.

6. DIRECTORS:

As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Anant Maheshwari, retires by rotation and is eligible for reappointment.

7. HUMAN RESOURCES:

Honeywell's Positive Employee Relationships (PER) strategy aims at engaged and motivated workforce and to create a positive and productive work environment.

Honeywell's Global PER Assessment Process outlines the Communication, Action Planning, Surveys (Employee and Manager Survey) and Focus Groups to make it more effective.

Honeywell has also made great strides to get the Employee Value Proposition (EVP) in place. It focuses on 5 key themes i.e. 1. Challenging work that matters 2. Right People 3. Talent and Leader Development 4. Differentiated Rewards and 5. Community Engagement.

As on March 31, 2015, the Company's employee strength was 2842 as compared to 2713 as on December 31, 2013.

8. MANAGEMENT DISCUSSION & ANALYSIS/CORPORATE GOVERNANCE REPORT:

As per Clause 49 of the Listing Agreement with the Stock Exchanges (Revised w.e.f. October 1, 2014), Management Discussion and Analysis Report and Corporate Governance Report are annexed and form part of the Directors Report.

9. CODE OF CONDUCT COMPLIANCE:

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the Financial period ended March 31, 2015 is annexed and forms part of the Directors Report.

10. AUDITORS:**Statutory Audit**

M/s. Price Waterhouse & Co Bangalore LLP has completed 10 years as Statutory Auditors of your Company. The provisions regarding rotation of auditors, as prescribed under the Companies Act, 2013 are applicable to the Company. It is, hence, proposed to appoint M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) as the Statutory Auditors for a period of 5 years to hold office from the conclusion of the ensuing Annual General Meeting (2015) till the Sixth following Annual General Meeting (2020), subject to ratification of their appointment at every AGM, during the term of their office. They have confirmed their eligibility and willingness for appointment as Statutory Auditors for the aforesaid period, as per Section 141 of the Companies Act, 2013. The Board of Directors recommends their appointment to the shareholders.

Cost Audit

The Central Government has approved the appointment of M/s C S Adawadkar & Co., Cost Accountants as Cost Auditor for conducting Cost Audit of the Company for the Financial Year ending December 31, 2013 and December 31, 2014. The Company changed the Financial year ending from December 31, 2014 to March 31, 2015 and as such the Cost Audit report will be submitted for 15 months period of January 1, 2014 to March 31, 2015.

The due date for filing the Cost Audit Report for the Financial Year ended March 31, 2015 is September 27, 2015.

The due date for filing the Cost Audit Report of the Company for the Financial Year ended December 31, 2013 was June 29, 2014 and the Cost Audit Report was filed by the Cost Auditor M/s C S Adawadkar & Co., Cost Accountants, on May 26, 2014 in XBRL mode as mandated by the Ministry of Corporate Affairs.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors, based on the representations received from the Operating Management, confirm that-

- (i) In the preparation of these accounts, the applicable accounting standards have been followed and that there was no material departure from the accounting standards;
- (ii) They have, in the selection of the accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the profit of the Company for that period;
- (iii) Read with paragraph on Internal Control in the Management Discussion & Analysis Report and paragraph 12(B) of this Report, they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets, for adequacy of financial controls and controls for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis.

12. COMMENTS IN AUDITORS' REPORT:

- (A) Comments regarding paragraph 8(b) of the Auditors' Report:

The Company maintains and periodically updates the back up of Books of Account. However, as pointed out in the Auditors' Report, the back up is not maintained on servers physically located in India. The Company is in the process of evaluating technology options to maintain the back up on servers physically located in India.

- (B) Comments regarding paragraph iv and xxi of Annexure to Auditors' Report

As discussed in Note 41 of the Notes forming part of financial statements for the accounting year ended March 31, 2015, the Company determined that certain projects in the HPS business units had costs that had been recorded to incorrect projects. At the request of Senior Management and with oversight by the Audit Committee, the Company has conducted an objective and independent review ("review") to determine the impact of the

same. On conclusion and as a result of this review, adjustments have been made for certain projects for the period ended March 31, 2015 to reduce revenue by Rs. 3095 lacs and reduce profit before tax for the period by Rs. 4002 lacs. This reduction in profit before tax includes an impact of Rs. 907 lacs for provision for future losses in accordance with Accounting Standard 7 – Accounting for construction contracts.

The Company is in the process of enhancing internal controls to minimize the risk of such incorrect recording of costs in the future.

13. OTHER INFORMATION:

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 pertaining to absorption of technology, foreign exchange earnings, is given as an Annexure B to this Report and forms part of it. As per provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report and Accounts are being sent to the shareholders excluding the statement giving particulars of employees under Section 217(2A) of the Act. Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

14. APPLICABILITY OF SECTION 134 OF THE COMPANIES ACT, 2013 :

The Ministry of Corporate Affairs, Government of India, has, vide its General Circular number 08/2014 issued on April 4, 2014, clarified that the financial statements (and documents required to be attached thereto), Auditors report and Board's report in respect of financial years that commenced earlier than April 1, 2014 shall be governed by the relevant provisions/schedules/rules of the Companies Act, 1956 and that in respect of financial years commencing on or after April 1, 2014, the provisions of the new Act shall apply. This Directors' Report is in relation with the financial year commencing on January 1, 2014 and has been prepared in accordance with the requirements of the Companies Act 1956.

15. ACKNOWLEDGEMENT:

The Board 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 the Board

Gurgaon, May 25, 2015

Surendra L. Rao
Chairman
DIN : 00005675

Registered Office:

56 & 57, Hadapsar Industrial Estate,
Pune 411 013

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

Honeywell is committed to building a world that's safer and more secure, more comfortable and energy efficient, more innovative and productive. Accordingly, the Company believes in identifying corporate social responsibility projects that have optimal and sustainable impact on local communities, in the areas where the Company can leverage its strengths.

Honeywell has set up a not-for-profit company in India: Honeywell Hometown Solutions India Foundation to be the vehicle for deployment of its corporate social responsibility efforts in the country.

The Company will initially be responsible for the implementation of projects with a focus on identified areas. The Company will implement these projects either itself or in association with credible third party organizations.

Once the Foundation has received applicable government approvals, the Company will contribute funds to the Foundation, which will then be responsible for the implementation of CSR activities and implement these projects either itself or in association with credible third party organizations.

Weblink: <http://honeywell.com/sites/acs-India/Investor-Relations/Pages/finance.aspx>

2. The Composition of CSR Committee

Mr. N. Srinath – Chairman (Independent Director)

Ms. Nisha Gupta – Member (Director)

Mr. Vikas Chadha – Member (Managing Director)

3. Average net profit of the company for last three financial years - Rs. 14,831 Lacs**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above) - Rs. 283.55 Lacs****5. Details of CSR spent during the financial year**

(a) **Total amount spent for the financial year - Rs. 283.55 Lacs**

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

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

CSR project or activity identified	Safe Kids @ Home
Sector in which the Project is covered	Healthcare
Projects or programs (1) Local Area or other	Pune, Maharashtra
Amount outlay(budget) projects or programwise	Rs. 283.55 Lacs
Amount spent on the projects or programs (1) Direct expenditure on projects or program (2) Overheads	Rs. 283.55 Lacs
Cumulative expenditure upto the reporting period	Rs. 283.55 Lacs
Amount spent: Direct or through implementing agency	Rs. 283.55 Lacs Through Safe Kids Foundation India, Mumbai

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.

Sd/-
Vikas Chadha
Managing Director

Sd/-
N. Srinath
Chairman CSR Committee

ANNEXURE B**A) CONSERVATION OF ENERGY:**

Your Company continues to make every effort to conserve energy required for all its operations. Some of the key initiatives undertaken during the period ended March 31, 2015 for the same are as under:

- Implementation of electrical load monitoring supervision with help of existing staff.
- Reduced number of hours of operation of AC and lighting loads.
- Changing and adding only energy efficient LED lighting in the office areas
- Making changes to the Air conditioning to make it more energy efficient.

B) TECHNOLOGY ABSORPTION:

Your Company is an affiliate Company of Honeywell International Inc., and on merits it continues to have access to some of the latest products and technology of the parent Company. We continue to roll out new products and technology in the Indian markets.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. In lakhs)
(i) Foreign exchange earned	88,084
(ii) Foreign exchange used	81,093

PERFORMANCE OF KEY FINANCIAL INDICATORS AND HIGHLIGHTS OF 2014-15

	15 month ended March 2015	12 month ended December 2013	
External Orders (Rs. Crore)	1,853	1,422	Up 4% (Pro-rated)
Net Revenue from Operations (Rs. Crore)	2,404	1,707	Up 13% (Pro-rated)
Profit before tax and exceptional items (%)	9.0%	7.2%	Up 180 basis points

INDUSTRY OUTLOOK AND OPPORTUNITIES

Your Company's operating results are significantly 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 2014-2015, the economy witnessed signs of growth revival and some of the key macroeconomic indicators have started moving in the right direction. GDP has begun to show an increasing trend, inflation has also moderated significantly in large part due to erosion in fuel prices following which RBI has also reduced interest rates. However, we are yet to witness significant activity on the ground that indicates a complete turnaround. While GDP growth has begun to show improvement, investment activity across sectors, particularly in industrial, continued to remain muted with uncertainty in the economy. Bank lending activity to the corporate sector has not significantly increased. The early signs of economic revival along with legislative and regulatory actions taken by the Central Government in 2014 should prove beneficial to the overall industry.

Economic and industry conditions impacting your Company's customers have an impact on your Company's operations. Some of the important market conditions were:

- Slow pace of capital investments continued in most areas that your Process Solutions business operates in.
- In the key commercial sector which is of critical importance to your Building solutions business, continued performance of IT/ITES companies has helped drive growth.
- Inventory in residential sector continues to be high and hence slowing trends witnessed in new launches and pace of construction activity. These trends have impacted your Company's ECC business.
- Manufacturing activity in the core sector is a critical driver for your company's S&C business. While activity in this sector has remained muted for 2014, it remains to be seen whether, several positive drivers including "Make in India" initiatives will help drive favorable trend in the near future.
- While the impact of lowering oil prices has been beneficial to the Indian economy, your company provides services to Honeywell entities located in regions which are oil-producing and processing (North America and Middle East). This impacts your Company's operations negatively by reducing opportunities to serve those markets. However the reasonable stability in FX rates has remained a positive factor for your company's global engineering / manufacturing businesses.

Honeywell Process Solutions (HPS):

HPS' offerings include distributed control systems (DCS), transmitters, programmable logic controllers, emergency shutdown systems (ESD), quality controls systems (QCS), process and business performance improvement solutions and various value added services. HPS business has won several prestigious projects in the last year. Given the vast diversity of products, your company will strive to sustain its performance.

HPS business will need to drive continued focus to prevail over economic environment, slow recovery of growth of industrial production and continued competitive pressures in the market. Opportunities in the green field refining sector are fewer due to uncertainty of investments in oil and natural gas, petrochemicals and fertilizers.

Honeywell Building Solutions (HBS):

HBS provides building solutions that are operationally intelligent and energy efficient. As part of its intelligent buildings suite, HBS provides building management systems (HVAC, lighting and utilities monitoring and control), fire detection and alarm systems, access control systems, video surveillance systems, integrated security systems and integrated building management systems leveraging Honeywell's Enterprise Buildings Integrator™, i.e., EBI™. As part of its operational efficiency promise, HBS provides after market services for all control systems as well as comprehensive utilities operations and maintenance services for all mechanical and electrical systems in buildings. HBS provides energy management services, demand response solution, energy retrofits and energy performance contracts.

The strong results in this business continued during the year. Its track record in Infrastructure, Transportation, IT, Datacenters, Pharmaceutical and Office Space verticals has helped accelerate its presence in Government, Telecommunication and Healthcare verticals in 2014. The highlights of the year were major order wins from many large customers from Transportation, Telecommunications and IT.

Environment and Combustion Control (ECC):

Commercial real estate sector contributes around 2/3rd of ECC business and continued to be the focus. In the current year, the sector drove good increase in revenues and in profitability for the business. This performance is primarily attributable to your company's continuous improvement in sales and marketing strategy for field devices and building management business. Your company continues to strengthen its presence in the residential vertical with a strategic investment in setting up a solar water heater factory in Vadodra. The factory was inaugurated in 2014 and will enable in taking Honeywell brand to Indian homes. Solar water heater business is in its early cycle and your company will strive to drive growth and expand margins in coming years. Combustion business has witnessed some headwinds due to challenging conditions in industrial sectors. Uncertainty in India's gas availability and pricing continues to be the key barrier to the growth of this business.

ECC's effort to utilize synergistic opportunity with Honeywell Electrical Devices & Systems (ED&S), which has similar end markets in commercial and residential verticals, has helped widening portfolio, sharing organization and support infrastructure and expand channel reach.

Sensing and Control (S&C):

With continued sluggishness in core industrial sectors, particularly construction equipment and automotive, S&C revenues were flat for the year. Electromechanical was down year on year, but was offset by modest improvements in electro sensing and test and measurement. Despite the difficult market conditions, your Company remained focused on identifying and winning new business opportunities. During the year under review, S&C secured significant program wins from key customers in transportation.

Your Company will continue to remain focused on verticals such as industrial, transportation, military, aerospace and healthcare. Your Company intends to expand the distribution network, especially for greater coverage of industrial customers. The channel management team that was deployed last year is helping to grow our channel business, is allowing our direct sales team to focus on key account management.

Exports:

Global Services (GS) is engaged with Honeywell entities globally in providing project engineering services, product design solutions, software engineering services, systems manufacturing and staging services. GS drives productivity, cost competitiveness and customer satisfaction delivering project engineering services to global customers. Honeywell Operating System (HOS) continues to be the backbone for GS helping LEAN operations and driving operational efficiencies. Two of the largest GS groups catering to Building and Process Solutions businesses led the way being the first Silver Certified non-manufacturing HOS sites in their respective businesses.

Global Manufacturing (GM) was transitioned to a new location Fulgaon, which is a state of Art manufacturing set up. The new factory of 75000 Sq ft built up space is located outside city limits at Fulgaon Pune, approximately 25 km from the earlier Hadapsar campus. The new location was accredited with HOS Silver Excellence certification in October 2014. In 2014 two

New Product Introductions (NPIs) were launched for global consumption. GM's revenue grew marginally, and margins improved significantly, partly due to favorable exchange rates. Working capital improved significantly due to better inventory planning during 2014. With Honeywell's support and sponsorship, Global manufacturing lines are also supporting Middle East & Europe.

LEADERSHIP AND TALENT:

Your Company continues to invest in human capital as a key enabler of business growth. Talent management and leadership development is an integrated set of processes aligned with business strategy to ensure the company has the right people, organized in right way and motivated to do the best job every day for its customers. It has mature processes like goal management, performance management and structured feedback and development processes. Developing leadership capability in employees is a key expectation from every business leader and the company aggressively promotes internal movements as path to career growth. This is institutionalized through a number of processes that run consistently across the organization. One such process, the Honeywell Management Resource Review (MRR) process continually reviews leadership talent within the organization and proactively plans for succession by assessing the available talent pipeline within the company as also within the larger Honeywell organization globally. This process runs twice a year across businesses and functions. Development plans ensure necessary focus on capability building and skills development for enabling leaders to take up larger roles.

Your Company has adopted a multi tiered framework to build leadership capability and develop the leadership bench. This includes among others the India Leadership Connect (ILC) focused on development of top talent for senior leadership roles, the LEAD programme to build frontline managerial capability and the Supervisory Development program (SDP) to develop supervisory skills and capability. Your Company strives to build functional leadership & talent and implementing initiatives like Emerging Finance Leadership (EFLP), Supply Chain mentoring program, Sales skill building and Sales mentoring program. Your company continues to work towards building systemic enablers to encourage diversity in the organization.

FINANCIALS

Overall net revenue from operations was Rs. 2,404 crore, registering annualized growth of 13%. The domestic segment registered net revenue of Rs. 1,641 crore for 15 month current period vis-à-vis Rs. 1,159 crore in the 12 month previous year. This growth was achieved amidst competitive challenges on pricing. The mix of exports and domestic revenue remained in line with previous year's mix.

Overall net income was Rs. 114 crore. Your Company delivered a return of 4.8% on sales for the year (Previous year: 5.0%).

- Provision for doubtful debts was lower over previous year due to one-time large provision taken in previous year.
- Your Company continued to focus on productivity of its workforce. 13% annualized growth was achieved with 8% growth in headcount.
- Corporate allocations were 3.5% of net sales (Previous year: 3.6%).

Cash flow from operations at Rs. 13 crores, (previous year Rs. 192 crore), reflecting higher investment in working capital on large infrastructure projects for which billing milestones are yet to be reached. Your Company will continue to strive for better working capital performance and positive operating cash flows.

RISKS AND CONCERNS

Your Company generates a large percentage of its sales and profits from its business with the Honeywell International Inc. and its Affiliates, its major shareholder. Sales to Honeywell accounted for approximately 28% and 30% of total net sales in

current and previous years respectively. 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. However, your 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 shareholdings in the Company), including changes in Honeywell's strategies regarding utilization of alternative opportunities available to it to source products and services currently provided by your Company (including from alternative 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. 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 the Company.

While your Company is diversified in various products, industries and geographies, major macroeconomic indicators are generally soft around investments in the process and construction industries. Your Company is expecting to achieve a fair share and diversification is helping it to manage these trends. While the fundamentals appear to be strong, and infrastructure investments will continue to be resilient, the overall competitive landscape is becoming more and more aggressive. Volatility of foreign exchange rates continues to be a risk due to large exposure to foreign currencies that the Company has on account of imports as well as exports.

INTERNAL CONTROL

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern it and its business. Your Company has a well established framework of internal controls in place, supported by policies, guidelines and procedures, including suitable monitoring procedures. In addition to external audit, the financial and operating controls of your Company are reviewed regularly by the Internal Controls and Audit team as per the annual plan approved by the Audit Committee.

All significant audit observations along with corrective actions thereon are tracked for resolution by the Internal Audit and Controls function, and the same is communicated to Audit Committee.

Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. Your Company also has a robust Integrity and Compliance program where all employees undergo communications and trainings on Code of Conduct to become familiar with expectations from Executive Leadership 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 all and any suspected unethical or illegal conduct, without fear of retaliation.

As discussed in other sections of this Annual Report, during the accounting period ended March 31, 2015 the management became aware of certain instances of incorrect accounting of project costs within the HPS business.

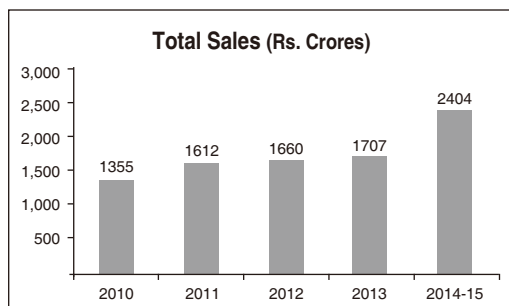
The management is in the process of enhancing internal controls to minimize the risk of such incorrect recording of costs in future. Some of the measures include the following:

- Additional risk analysis on costing into bidding process;
- Strengthen system controls and leverage reports and analytics; and
- Embed robust operating reviews over project status.

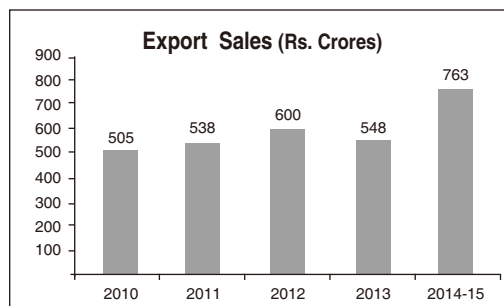
Summary

Revenue mix of exports and domestic revenue remained similar to the previous year. Overall revenue registered annualized (Refer Note 1 below) growth of 13%. Your Company experienced net income after exceptional item is 4.8% of Sales, vis-à-vis 5% in previous year. Increased competitive environment in both domestic and exports continue to be a

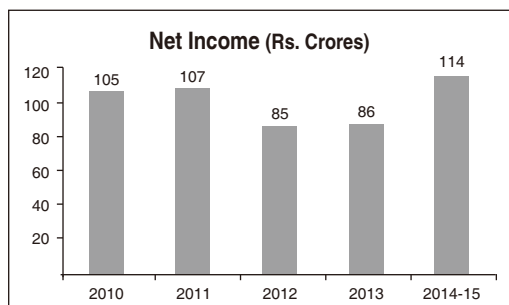
challenge which is being addressed through concentrated efforts on operational excellence, driving productivity, and aggressive cost rationalization, thus making it a much leaner company. Your company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.



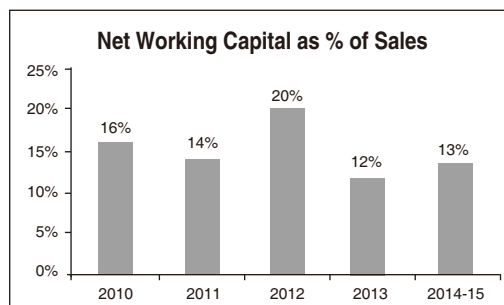
Sales growth was driven by projects businesses (HPS and HBS)



Exports sales were 32% of total sales, in line with previous year's mix.



Net income after exceptional item was 4.8% of sales, vis-à-vis 5% in previous year.



Increased working capital investment driven by investment for large infrastructure projects with billing milestones yet to be reached. (Note: 2015 % is calculated on annualized turnover)

Note 1 : Current year 2014-15 is not appropriate comparable to Prior year 2013. Current year 2014-15 represents 15 months period and Prior year 2013 represents 12 month period.

To the Members of Honeywell Automation India Limited**Report on the Financial Statements**

1. We have audited the accompanying financial statements of Honeywell Automation India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss for the period January 1, 2014 to March 31, 2015 (the "period") and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
 - (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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, except that the backup of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act or Section 164(2) of the Companies Act, 2013.

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Amit Borkar
Partner

Place : Gurgaon
Date : May 25, 2015

Membership Number: 109846

Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Honeywell Automation India Limited on the financial statements as of and for the 15 months period ended March 31, 2015

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items 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 programme, a portion of the fixed assets has been physically verified by the Management during the period and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the period.
- ii. (a) The inventory has been physically verified by the Management during the period. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Honeywell Automation India Limited on the financial statements as of and for the 15 months period ended March 31, 2015

- iii. (a) The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. *Except for deficiencies noticed during the year with regard to purchase of inventories and for sale of goods and services in certain projects of the Company following the percentage of completion method for recognition of revenue in accordance with the Accounting Standard (AS) 7 – Construction Contracts, as stated in Note 41 to the financial statements, in respect of recording of costs incurred to correct projects, making appropriate estimates of costs to complete such projects and recognizing revenue on such projects under the percentage of completion method of accounting, for which the Management is in the process of taking remedial measures, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.*
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, customs duty and excise duty as at March 31, 2015 which have not been deposited on account of a dispute are as follows:

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Honeywell Automation India Limited on the financial statements as of and for the 15 months period ended March 31, 2015

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Maharashtra Sales Tax Act, 1960	Central Sales Tax	103	2001-02	Maharashtra Sales Tax Appellate Tribunal
Maharashtra Sales Tax Act, 1960	Central Sales Tax	696	2006-07 to 2007-2008 and 2009-2010	Joint Commissioner of Sales Tax (Appeals)
Maharashtra Value Added Tax, 2002	Value Added Tax	1,955	2008-09 to 2009-2010	Joint Commissioner of Sales Tax (Appeals)
Uttar Pradesh Value Added Tax, 2008	Value Added Tax	33	2009-10	Joint Commissioner of Sales Tax (Appeals)
Gujarat Sales Tax Act, 1969	Central Sales Tax	39	2008-09	Deputy Commissioner of Commercial Tax (Appeal)
Karnataka Value Added Tax Act, 2003.	Central Sales Tax and Value Added Tax	56	2008-09 to 2010-2011	Joint Commissioner of Sales Tax (Appeals)
West Bengal Value Added Tax Act, 2003	Value Added Tax	36	2007-08 and 2010-11	Joint Commissioner of Sales Tax (Appeals)
Rajasthan Sales Tax Act, 1994	Central Sales Tax and Value Added Tax	113	2006-07 to 2011-12	Deputy Commissioner of Commercial Tax (Appeal)
Kerala VAT Act, 2003	Central Sales Tax and Value Added Tax.	220	2009-10 to 2012-2013	Deputy Commissioner of Commercial Tax (Appeal)
Delhi Value Added Tax Act , 2004	Central Sales Tax and Value Added Tax.	358	2007-08 and 2010-2011	Deputy Commissioner of Sales Tax (Appeals)
Jharkhand Value Added Tax Act , 2005	Value Added Tax	6	2010-11	Deputy Commissioner of Sales Tax (Appeals)
Karnataka VAT Act, 2003	Central Sales Tax and Value Added Tax.	178	2009-10	Deputy Commissioner of Sales Tax (Appeals)
Income Tax Act, 1961	Income Tax	311	1998-1999 to 2001-2002	High Court
Income Tax Act, 1961	Income Tax	5,978	2002-2003 and 2007- 2009 to 2009-2010	Income Tax Appellant Tribunal
The Central Excise Act, 1944	Excise duty, including applicable penalty	2	2002-03	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Penalty	6	2006-07	Customs, Excise and Service Tax Appellate Tribunal

- x. The Company has no accumulated losses as at the end of the financial period and it has not incurred any cash losses in the financial period ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Honeywell Automation India Limited on the financial statements as of and for the 15 months period ended March 31, 2015

- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the period and does not have any debentures outstanding as at the beginning of the period and at the period end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the period. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, *except as stated in Note 41 of the financial statements in respect of certain instances of recording of costs to incorrect projects for which the Management has taken appropriate steps, resulting in a net reduction of profit before tax of Rs. 6,729 lakhs for which appropriate entries have been subsequently passed*, we have neither come across any other instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number: 007567S/S-200012
Chartered Accountants

Place : Gurgaon
Date : May 25, 2015

Amit Borkar
Partner
Membership Number: 109846

(Rupees in lakhs)

Particulars	Note No	As at March 31, 2015	As at December 31, 2013
Equity and Liabilities			
Shareholders' fund			
Share capital	2	884	884
Reserves and surplus	3	87,303	77,213
		<u>88,187</u>	<u>78,097</u>
Non-current liabilities			
Long-term provisions	4	1,024	501
		<u>1,024</u>	<u>501</u>
Current liabilities			
Trade payables	5	42,410	37,613
Other current liabilities	6	9,037	11,720
Short-term provisions	7	6,996	5,207
		<u>58,443</u>	<u>54,540</u>
Total		<u>147,654</u>	<u>133,138</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	8a	8,434	6,474
Intangible assets	8b	56	33
Capital work in progress		680	293
		<u>9,170</u>	<u>6,800</u>
Deferred tax assets(Net)	9	7,341	5,959
Long-term loans and advances	10	15,670	14,052
Other non-current assets	11	1,895	2,367
		<u>24,906</u>	<u>22,378</u>
Current assets			
Current investments	12	7,596	-
Inventories	13	12,357	11,015
Trade receivables	14	34,564	35,373
Cash and bank balances	15	21,868	31,076
Short-term loans and advances	16	4,920	3,214
Other current assets	17	32,273	23,282
		<u>113,578</u>	<u>103,960</u>
Total		<u>147,654</u>	<u>133,138</u>
Summary of significant Accounting policies	1		

The notes are an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number - FRN 007567S/S-200012
Chartered Accountants
Amit Borkar
Partner
Membership No: 109846

For and on behalf of the Board

S.L. Rao
Chairman

Vikas Chadha
Managing Director

Sangeet Hunjan
Company Secretary

Anurag Bhagania
Chief Financial Officer

Place : Gurgaon
Date : May 25, 2015

Place : Gurgaon
Date : May 25, 2015

Particulars	Note No	(Rupees in lakhs)	
		For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Revenue from operations (gross)	18	244,143	173,728
Less: Excise Duty		3,776	3,029
Revenue from operations (net) (Refer note 33)		<u>240,367</u>	<u>170,699</u>
Other Income	19	<u>2,244</u>	<u>1,864</u>
Total revenue		<u><u>242,611</u></u>	<u><u>172,563</u></u>
Expenses:			
Cost of materials consumed	20a	116,560	85,622
Purchases of traded goods		19,709	14,207
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20b	(526)	(377)
Employee benefits expense	21	42,851	30,339
Finance costs	22	44	39
Depreciation and amortization expense	8a&8b	1,686	1,392
Other expenses	23	<u>40,563</u>	<u>29,063</u>
Total expenses		<u><u>220,887</u></u>	<u><u>160,285</u></u>
Profit before tax and exceptional Items		21,724	12,278
Less: Exceptional item (Refer Note 41)		4,002	-
Profit before tax		17,722	12,278
Tax expense:			
-Current tax		7,684	5,390
-Deferred tax		(1,382)	(1,728)
Profit for the period/year		<u><u>11,420</u></u>	<u><u>8,616</u></u>
Earning per equity shares (In Rs.) (Refer Note No. 27)			
Basic and Diluted		129.17	97.45
Nominal value per share: Rs.10 (2013:Rs. 10)			

Summary of significant Accounting policies 1

The notes are an integral part of these financial statements.
This is the statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number - FRN 007567S/S-200012
Chartered Accountants
Amit Borkar
Partner
Membership No: 109846

Place : Gurgaon
Date : May 25, 2015

For and on behalf of the Board

S.L. Rao
Chairman

Sangeet Hunjan
Company Secretary

Place : Gurgaon
Date : May 25, 2015

Vikas Chadha
Managing Director

Anurag Bhagania
Chief Financial Officer

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
A. Cash flow from operating activities		
Profit before tax	17,722	12,278
Adjustments for:		
Depreciation and Amortisation	1,686	1,392
Profit on assets sold/ discarded (net)	(40)	(16)
Interest income	(1,638)	(932)
Dividend income on current investments	(396)	-
Interest expense	44	39
Operating profit before working capital changes	17,378	12,761
Increase/(decrease) in trade payables & other current liabilities	1,834	6,839
Increase/(decrease) in provisions	2,016	(1,460)
(Increase)/decrease in trade and other receivables	(10,666)	7,205
(Increase) in inventories	(1,342)	(648)
Cash generated from operations	9,220	24,697
Taxes paid (net of refund, if any)	(7,918)	(5,547)
Net cash generated from operations	1,302	19,150
B. Cash flow from investing activities		
Purchase of tangible/intangible assets	(3,755)	(1,149)
Sale of tangible/intangible assets	77	64
Interest received	1,403	793
Purchase of current investments	(7,596)	-
Dividend received on current investments	396	-
Fixed deposits placed during the year	(18,340)	(1,642)
Proceeds from fixed deposits matured during the year	13,831	2,500
Net cash from investing activities	(13,984)	566
C. Cash flow from financing activities		
Dividend paid (including dividend distribution tax of Rs. 150 lac (previous year Rs. 143 lac) thereon)	(1,034)	(1,027)
Interest paid	(44)	(39)
Net cash used in financing activities	(1,078)	(1,066)
Net change in cash and cash equivalents	(13,759)	18,651
Cash and cash equivalents as at the beginning of the year	30,960	12,310
Cash and cash equivalents as at the end of the year	17,201	30,960
Movement in cash and cash equivalents	(13,759)	18,650

(Rupees in lakhs)

Cash and cash equivalents consist of	As at March 31, 2015	As at December 31, 2013
Bank Balances		
Current Accounts	5,658	10,402
Demand deposits (Original maturity less than 3 months)	11,543	20,558
	<u>17,201</u>	<u>30,960</u>

Notes:

- 1 Cash Flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard (AS) - 3: "Cash Flow Statements" as specified in the Companies (Accounting Standard) Rules 2006.
- 2 Prior year comparatives have been reclassified to conform with current year's presentation, where applicable.
- 3 Figures in brackets represent out flows of cash and cash equivalents.

In terms of our report of even date.

For and on behalf of the Board

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number - FRN 007567S/S-200012
Chartered Accountants

Amit Borkar
Partner
Membership No: 109846

S.L. Rao
Chairman

Vikas Chadha
Managing Director

Sangeet Hunjan
Company Secretary

Anurag Bhagania
Chief Financial Officer

Place : Gurgaon
Date : May 25, 2015

Place : Gurgaon
Date : May 25, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS**Note 1 - GENERAL INFORMATION AND STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****A. 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 Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

SIGNIFICANT ACCOUNTING POLICIES:**B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. 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.

C. TANGIBLE ASSETS AND DEPRECIATION

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

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

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

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, as follows:

Class of Assets	Useful Lives
Buildings	30 years
Plant and Machinery	10 years
Demo Equipment	4 years
Computers	3 years
Office Equipment	5 - 6 years
Furniture and Fixture	5 - 10 years
Vehicles	4 - 5 years

Assets installed in leased premises are depreciated over 4 years representing average life of the lease for such premises.

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. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

- a) Product distribution rights – HSPL are amortized over a period of 10 years.
- b) Software purchased over a period of 3 years.

E. BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

F. IMPAIRMENT

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

G. INVESTMENTS

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. Current investments are carried at cost or fair value, whichever is lower.

H. INVENTORIES

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

I. REVENUE RECOGNITION

- i) Revenue in respect of projects for construction of plants and systems, execution of which is spread over different accounting periods, is recognized on the basis of percentage of completion method in accordance with Accounting Standard 7 – Construction contracts. Percentage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract costs. Difference between costs incurred plus recognized profits/less recognized losses and the amount of invoiced sale is disclosed as contracts in progress. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning where relevant,

the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion. Contractual claims are recognized on raising of the claim. Income from non-contractual claims is recognized only on acceptance of the claim by the customer.

- ii) Revenue from sales of products and services are recognized when significant risks and rewards of ownership of products are passed on to the customer or when the service is provided.
- iii) Revenue from short term software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. With reference to fixed price contracts, revenue is recognized in accordance with proportionate completion method.

J. OTHER INCOME

Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend: Dividend income is recognised when the right to receive the dividend is established.

K. FOREIGN CURRENCY TRANSACTIONS

Initial Recognition

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

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.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortized as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year end on account of firm commitment/highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

L. EMPLOYEE BENEFITS

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.

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 year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested

employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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.

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

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

M. TAXATION

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

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the group reassesses unrecognised deferred tax assets, if any.

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 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.

N. PROVISIONS AND CONTINGENCIES

Provisions: Provisions are recognised when there is a present obligation 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 not discounted to its present value.

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.

O. LEASES

As a lessee: Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 2 - Share capital		
Authorised:		
10,000,000 (December 31, 2013: 10,000,000) equity shares of Rs.10 each	1,000	1,000
	1,000	1,000
Issued:		
8,841,697 (December 31, 2013: 8,841,697) equity shares of Rs.10 each	884	884
	884	884
Subscribed and paid up		
8,841,523 (December 31, 2013: 8,841,523) equity shares of Rs. 10 each (fully paid up)	884	884
Total	884	884

(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:

	As at March 31, 2015		As at December 31, 2013	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Equity shares				
Balance as at the beginning and end of the period	8,841,523	884	8,841,523	884

(c) Shares held by Holding Company

	As at March 31, 2015		As at December 31, 2013	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Equity shares:				
Honeywell Asia Pacific Inc. (Holding company)	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

	As at March 31, 2015		As at December 31, 2013	
	Number of shares	Percentage	Number of shares	Percentage
Honeywell Asia Pacific Inc. (Holding company)	6,631,142	75	6,631,142	75

- a) 6,631,142 (December 31, 2013 : 6,631,142) Equity shares constituting 75% (December 31,2013 75%) of the paid-up capital of the Company are held by Honeywell International Inc., the ultimate holding company, through its 100% subsidiary, Honeywell Asia Pacific Inc.
- b) 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, 2015.

Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 3 - Reserves and surplus		
Securities Premium Account		
Balance as at the beginning and end of the period	1,577	1,577
General Reserve		
Balance as at the beginning of the period	14,331	13,469
Add: Transferred from Surplus in the Statement of Profit and Loss during the period	1,142	862
Balance as at the end of the period	15,473	14,331
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the period	61,305	54,585
Profit for the period	11,420	8,616
Less: Appropriations		
Proposed dividend on equity shares for the period	1,105	884
Dividend distribution tax on proposed dividend on equity shares	225	150
Transfer to General Reserve	1,142	862
Balance as at the end of the period	70,253	61,305
Total	87,303	77,213

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 4 - Long-term provisions		
Provision for employee benefits		
Gratuity and other retirement benefits (Refer note 42)	884	333
Other provisions		
Provision for Warranty (Refer note 40)	140	168
Total	1,024	501

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 5 - Trade payables		
Trade payables [Refer note 28 (b)]	41,988	37,028
Acceptances	422	585
Total	42,410	37,613

Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 6 - Other current liabilities		
Advances from customers	2,547	1,714
Creditors for capital goods	291	11
Employee benefits payable	1,626	5,451
Statutory dues (including Provident Fund and Tax deducted at Source)	518	326
Other payables	269	324
Unclaimed dividend*	21	21
Unearned revenue (Refer note 39)	3,765	3,873
Total	9,037	11,720

* Includes amount payable towards Investor Education and Protection Fund u/s 205C of the Companies Act, 1956. Rs. NIL (previous year Rs. NIL)

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 7 - Short-term provisions		
Provision for employee benefits		
Compensated absences	913	737
Gratuity and other retirement benefits (Refer note 42)	516	316
Other provisions		
Proposed dividend on equity shares for the period	1,105	884
Dividend distribution tax on proposed dividend on equity shares	225	150
Provision for warranty (Refer note 40)	451	445
Provision for litigations/disputes (Refer note 40)	1,608	1,521
Provision for estimated cost to complete on contracts (Refer note 40)	2,178	1,154
Total	6,996	5,207

Note 8a - Tangible assets

(Rupees in lakhs)

Assets	Gross block			As at March 31, 2015	Depreciation			As at March 31, 2015	Net block	
	As at January 1, 2014	Additions	Deductions		Upto January 1, 2014	For the period	Disposal/ Adjustments		As at March 31, 2015	As at March 31, 2015
Land	30	-	-	30	-	-	-	30	30	
Buildings	3,818	1,024	-	4,842	924	228	-	1,152	3,690	2,894
Plant and machinery	5,151	1,363	-	6,514	3,131	530	-	3,661	2,853	2,020
Computers	3,055	918	396	3,577	2,665	449	396	2,718	859	390
Furniture and fixtures	1,449	203	-	1,652	899	170	-	1,069	583	550
Office equipments	288	131	-	419	198	37	-	235	184	90
Vehicles	1,009	9	239	779	509	237	202	544	235	500
Total	14,800	3,648	635	17,813	8,326	1,651	598	9,379	8,434	6,474
Previous Year	14,467	752	419	14,800	7,333	1,364	371	8,326		

Note 8b - Intangible assets (other than internally generated)

(Rupees in lakhs)

Assets	Gross block			As at March 31, 2015	Amortization			As at March 31, 2015	Net block	
	As at January 1, 2014	Additions	Deductions		Upto January 1, 2014	For the period	Disposal/ Adjustments		As at March 31, 2015	As at March 31, 2015
Product Distribution Rights HSPL	1,060	-	-	1,060	1,060	-	-	1,060	-	-
Computer software	127	58	-	185	94	35	-	129	56	33
Total	1,187	58	-	1,245	1,154	35	-	1,189	56	33
Previous year	1,162	25	-	1,187	1,126	28	-	1,154		

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
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Note 9 - Deferred tax assets (Net)**a) Deferred tax liability**

Depreciation and amortisation	175	-
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b) Deferred tax assets

Depreciation and amortisation	-	5
Provision for trade and other receivables	3,172	2,984
Provision for estimated cost to complete	688	350
Provision for compensated absence	310	250
Provision for other expenses	2,573	1,823
Gratuity	70	70
Bonus	383	323
Others	320	154

Deferred tax assets (Net)

7,341	5,959
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Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
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Note 10 - Long-term loans and advances

Unsecured, considered good (unless otherwise stated)

Security deposits

Considered good	1,189	1,318
Considered doubtful	65	54

1,254	1,372
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Less: Allowance for doubtful security deposits

65	54
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1,189	1,318
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Other loans and advances

Capital advances	50	109
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Balances with Government authorities	10,248	8,676
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Taxes paid in advance less provisions	4,183	3,949
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[Net of Provision for tax Rs. 38,646 lakhs

(Previous year Rs. 30,962 lakhs)]

Total	15,670	14,052
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Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 11 - Other non-current assets		
Unsecured, considered good (unless otherwise stated):		
Deposit against bank guarantee	1,553	1,595
Long term trade receivables		
Considered good	342	772
Considered doubtful	203	436
	545	1,208
Less: Provision for doubtful debts	203	436
Total	1,895	2,367

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 12 - Current investments		
At cost or market value, whichever is less;		
Mutual funds (Unquoted):		
DWS Insta Cash Plus Fund- Direct Plan - Daily Dividend -Reinvestment (3,876,878 units, previous year: NIL)	3,889	-
JP Morgan India Liquid Fund- Direct Plan - Daily Dividend -Reinvestment (4,187,399 units, previous year: NIL)	419	-
DSP Blackrock Liquidity Fund- Direct Plan - Daily Dividend -Reinvestment (328,687 units, previous year: NIL)	3,288	-
Total	7,596	-

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 13 - Inventories		
Raw materials [includes in transit: Rs. 694 lakhs (previous year: Rs. 1,196 lakhs)]	7,306	6,490
Work-in progress	621	414
Finished goods	516	603
Stock in trade	3,914	3,508
Total	12,357	11,015

Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 14 -Trade receivables		
Unsecured, considered good (unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	71	172
Considered doubtful	6,320	5,443
	6,391	5,615
Others		
Considered good	34,493	35,201
Considered doubtful	49	64
	34,542	35,265
Less: Provision for doubtful debts	6,369	5,507
Total	34,564	35,373

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 15 - Cash and bank balances		
Cash and cash equivalents		
Bank balances		
In current accounts	5,658	10,402
Demand deposits (Original maturity less than 3 months)	11,543	20,558
	17,201	30,960
Other bank balances		
Long term deposits with original maturity more than 3 months but less than 12 months	4,539	-
Deposits against bank guarantee	107	95
Unpaid dividend account	21	21
Total	21,868	31,076

Notes to the financial statements

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 16 - Short-term loans and advances		
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties	36	173
Other loans and advances		
Earnest money deposit		
Considered good	373	193
Considered doubtful	217	180
	<u>590</u>	<u>373</u>
Less: Provision for doubtful deposits	<u>217</u>	<u>180</u>
	373	193
Advances recoverable in cash or kind	784	911
Security deposits	360	180
Balances with Government authorities	1,849	648
Prepaid expenses	49	137
Advances to employees	1,469	972
Total	<u>4,920</u>	<u>3,214</u>

(Rupees in lakhs)

	As at March 31, 2015	As at December 31, 2013
Note 17 - Other current assets		
Unsecured, considered good		
Interest accrued on deposits with banks	421	186
Unbilled services	1,539	276
Contracts in progress (Refer note 39)	30,313	22,820
Total	<u>32,273</u>	<u>23,282</u>

(Rupees in lakhs)

	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 18 - Revenue from operations (gross)		
Revenue from operations (gross)		
Manufactured products and jobs	152,503	105,392
Traded products	26,676	20,797
Sale of services	64,933	47,528
Other operating revenue		
Scrap sale	31	11
Total	<u>244,143</u>	<u>173,728</u>

Notes to the financial statements

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 19 - Other Income		
Interest - On fixed deposits with banks	1,638	932
Liabilities no longer required written back	126	111
Foreign exchange gain (Net)	-	727
Profit on assets sold/discarded (net)	40	16
Dividend on current investments	396	-
Miscellaneous income	44	78
Total	2,244	1,864

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 20a - Cost of materials consumed		
Raw materials consumed (Refer note 34 and 35)		
Opening inventory	6,490	6,219
Add: Purchases (net)	117,376	85,893
Less: Inventory at the end of the year	7,306	6,490
Cost of raw materials consumed	116,560	85,622

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 20b - Changes in inventories of finished goods, work-in-progress and traded goods		
(Increase)/decrease in stock		
Stock at the beginning of the year		
Finished goods	603	436
Work in progress	414	281
Stock in trade	3,508	3,431
Total (A)	4,525	4,148
Stock at the end of the year		
Finished goods	516	603
Work in progress	621	414
Stock in trade	3,914	3,508
Total (B)	5,051	4,525
(Increase)/decrease in stock (A-B)	(526)	(377)

Notes to the financial statements

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 21 - Employee benefit expenses		
Salaries, wages and bonus	39,373	28,393
Contribution to Provident and Other Funds (Refer note 42)	2,670	1,292
Staff welfare expenses	808	655
Total	42,851	30,339

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 22 - Finance cost		
Interest	44	39
Total	44	39

	(Rupees in lakhs)	
	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Note 23 - Other expenses		
Power and fuel	1,112	869
Rent [(Refer note 1 (O) and 26)]	2,549	1,794
Rates and taxes	1,306	1,151
Repairs and maintenance		
Building	-	13
Plant and machinery	72	111
Others	1,186	1,006
	1,258	1,130
Auditors remuneration		
As Auditors	58	41
Others (including tax audit)	15	23
Out of pocket expenses	3	1
	76	65
Travelling and conveyance	16,364	10,140
Communication expenses	990	779
Insurance	100	149
Sales commission	909	47
Professional fees	3,794	1,596
Foreign exchange loss (Net)	319	-
Bad debts written off	924	1,548
Liquidated damages written off	298	756
Provision for doubtful debts	586	2,553
Corporate overhead allocations	8,530	6,165
Expenditure towards Corporate Social Responsibility (Refer note 44)	283	-
Directors fees	4	4
Miscellaneous expenses	1,161	316
Total	40,563	29,063

24 Segment Reporting:**Primary business segment:**

The Company has determined its business segment as Automation & Control Systems. There are no other reportable segments.

Secondary geographical segment:

The Company has two geographical segments, viz. Domestic and Exports. Revenue from geographical segment is given below:

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Domestic	164,099	115,910
Export	76,268	54,789
Total	240,367	170,699

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

25 Related Party Disclosure :

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

i)	Parties where control exists	
	Honeywell Asia -Pacific Inc., Holding company Honeywell International Inc., Ultimate holding company	
	Other related parties with whom transactions have taken place during the year:	
ii)	Fellow Subsidiaries	
	Honeywell Middle East B.V. Honeywell Technology Solutions Quatar Honeywell Tianjin Limited Honeywell Controls and Automation India Pvt. Ltd. Honeywell B.V. Honeywell & Co. Oman L.L.C. Honeywell Pte Ltd. Honeywell Automation & Control Solutions South Africa (Pty) Ltd. Honeywell Kuwait KSC. Automation and Control Solutions, S. de R.L. de C.V. Honeywell Europe N.V. Honeywell Systems (Thailand) Ltd. Honeywell Ltd. (Hong Kong) Enraf B.V. Honeywell Technology Solutions Lab Pvt. Ltd. Pittway Systems Technology Group Europe Ltd. Honeywell Taiwan Inc. Callidus Technologies India Pvt. Ltd. Honeywell Building Solutions Gmbh	Honeywell International (India) P. Ltd Honeywell Limited Australia Honeywell Limited Honeywell Enraf Americas, Inc. Honeywell Measurex (Ireland) Ltd. Honeywell Turkey Arabia Ltd. Honeywell Controls System Limited Honeywell International Middle East Ltd. MST Technology GMBH Honeywell Security France S.A. Honeywell GMBH Honeywell S.A. (Belgium) Honeywell Airport Systems Gmbh Honeywell s.r.l. UOP India Pvt. Ltd. Honeywell Engineering Sdn. Bhd. Honeywell Co, Ltd. Honeywell S.L. Honeywell Portugal, Automacao e Contolo, S.A.

Notes to the financial statements

Other related parties with whom transactions have taken place during the year:	
Novar Systems Ltd.	Honeywell Automation & control Solutions Carribean Ltd.
Honeywell Middle East FZE	Honeywell AS Norway
Honeywell Controls International Ltd.	Honeywell OY
Tridium Inc.	Matrikon Middle East Co WLL
Honeywell Limited (New Zealand)	Honeywell Environmental & Combustion Controls (Tianjin) Co., Ltd.
Honeywell Austria Gesellschaft mbh	Honeywell International s.a.r.l.
Honeywell A.B.	Honeywell Sensing & Control China Co, Ltd.
Matrikon Pty Ltd.	Honeywell Technologies SARL
Trend Control Systems Ltd.	Honeywell AG
Honeywell (China) Advanced Solutions Co., Ltd.	Matrikon Inc.
Honeywell Southern Africa (Proprietary) Ltd.	Matrikon Industrial Solutions India Pvt. Ltd.
Honeywell Japan Inc.	Honeywell Chile S.A.
Honeywell A/S (Denmark)	Honeywell Aerospace B.V.
ADI-Gardiner NV	Honeywell Turbo Technologies (India) Private Limited
Honeywell China co. Ltd.	Honeywell Electrical Devices and Systems India Limited
PT Honeywell Indonesia	Honeywell do Brasil Ltda.
Life Safety Distribution AG	Honeywell Egypt Limited
Honeywell Analytics Asia Pacific Co.Ltd.	Honeywell EOOD
Honeywell Otomasyon ve Kontrol Sistemleri Sanayi ve Ticaret A.S.	Matrikon International, Inc.
Honeywell Analytics Inc,	Novar GmbH
Sinpoec Honeywell Tianjin Ltd.	Honeywell Integrated Technology (China) Co Ltd.
ZAO Honeywell	Ademco Asia Pacific Ltd.
Maxon Corporation	Tridium Asia Pacific Pte Ltd.
Honeywell ASCa Inc.	Honeywell Beijing Technology solution
Maxon Combustion Equipment (Shanghai) Co.,Ltd.	Honeywell Romania s.r.l.
Maxon International BVBA	Enraf Marine Systems S.A.S.
Fire Sentry Corporation	Honeywell Europe Services S.A.S.
Inncom International Inc	Honeywell Automation and Control Solutions West Africa Limited
Bryan Donkin RMG Gas Controls Ltd	Honeywell Automation Controls LLP
Honeywell, S.L. [Spain]	Honeywell (Macau) Limited
Honeywell Iraq LLC	KAC Alarm Company Limited
Saia-Burgess Controls AG	RMG Regel + Messtechnik GmbH
Honeywell spol. s.r.o. [Slovak Republic]	Honeywell Sp. z o.o.
Integrated Technical Innovation Company for General Services & Trade	Honeywell Szabályozástechnikai Kft.
Honeywell NV [Belgium]	Honeywell Life Safety AS
iii. Key Management Personnel	
Mr. Vikas Chaddha, Managing Director (w.e.f. January 1, 2014)	
Mr. Anant Maheshwari, Managing Director (Upto December 31, 2013)	

Notes to the financial statements

Transactions with Related Parties

(Rupees in lakhs)

Description of the nature of transactions	Volume of transactions for		Amount outstanding as at			
	15 months ended March 31, 2015	Year ended December 31, 2013	March 31, 2015		December, 31 2013	
			Receivable	Payable	Receivable	Payable
Sale of goods, services and reimbursement of expenses						
<u>Holding Company</u>						
Honeywell International Inc.	22,741	18,670	1,598	-	1,593	-
Total	22,741	18,670	1,598	-	1,593	-
<u>Fellow Subsidiaries</u>						
Honeywell Ltd. (Australia)	5,117	7,840	250	-	1,510	-
Other Fellow Subsidiaries	39,639	23,900	4,698	-	4,058	-
Total	44,756	31,740	4,948	-	5,568	-
Purchase of goods, services and fixed assets (including GIT)						
<u>Holding Company</u>						
Honeywell International Inc.	12,563	8,192	-	1,968	-	1,347
Total	12,563	8,192	-	1,968	-	1,347
<u>Fellow Subsidiaries</u>						
Honeywell Measurex (Ireland) Limited	10,550	7,718	-	672	-	626
Honeywell International (India) Pvt. Limited	7,028	4,458	-	1,201	-	1,273
Other Fellow Subsidiaries	19,612	15,569	-	2,581	-	3,383
Total	37,190	27,745	-	4,454	-	5,282
Remuneration to Key Management Personnel						
Anant Maheshwari (upto December 31, 2013)	-	128	-	-	-	-
Vikas Chadha (w.e.f. January 1, 2014)	143	-	-	-	-	-
Total	143	128	-	-	-	-
Commission						
Anant Maheshwari	-	35	-	-	-	-
Vikas Chadha	35	-	-	9	-	-
Total	35	35	-	9	-	-

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 accounted for approximately 28% and 30% of our total net sales in the 15 months ended March 31, 2015 and year ended December 31, 2013 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.

Notes to the financial statements

26 Lease Transactions:**As a Lessee in Operating Lease**

Rentals for office premises, land, building under operating leases of Rs. 2,549 ('lakhs) [Previous Year Rs. 1,794 ('lakhs)] have been included under Rent Expense.

Non cancelable

The Company has hired premises under non-cancelable operating lease arrangements at stipulated rentals. The future minimum lease payments under these leases as of March 31, 2015 are as follows:

(Rupees in lakhs)

	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Minimum lease payments	979 (600)	2,785 (1,345)	1,371 -

Previous year figures are indicated in brackets.

27 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 15 months ended March 31, 2015	For the year ended December 31, 2013
Profit after tax (Rs. in lakhs)	11,420	8,616
Weighted average number of equity shares	8,841,523	8,841,523
Basic/Diluted earnings per share (Rs.)	129.17	97.45
Face value per share (Rs.)	10	10

Notes to the financial statements

- 28 a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - Rs. 404 ('lakhs) [Previous year Rs. 366 ('lakhs)]
- b) Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in lakhs)

Sr.No	Particulars	March 31, 2015	December 31, 2013
i)	The principle amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period		
	- Principal amount outstanding	100	288
	- Interest thereon	33	32
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 year	-	-
	- Interest paid in terms of Section 16	-	-
	- Delayed principal payments	717	685
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	24	23
	- Total Interest remaining unpaid out of the above as at the balance sheet date	24	23
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
	Outstanding interest at the end of previous year	134	111
	Outstanding interest at the end of current period	158	134

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

Notes to the financial statements

- 29 A) Provision for taxation has been made after considering the various allowances / deductions available and after excluding profits derived from undertaking registered with Software Technology Parks of India under section 10A and unit registered under Special Economic Zone under Section 10AA of the Income Tax Act, 1961.
- B) The tax year for the Company being April 1 to March 31, provision for current taxation for the period is the aggregate of the provision made for the three months ended March 31, 2014 and the provision based on the figures for the remaining twelve months ended March 31, 2015.

30 Foreign Currency Exposures:

Unhedged by derivative instruments/ or otherwise

(Rupees in lakhs)

Particulars	As at March 31, 2015	As at December 31, 2013
a) Liability - Trade Creditors		
In GBP (Equivalent approximate in Rs.)	2 166	2 219
In USD (Equivalent approximate in Rs.)	85 5,286	127 7,848
In EURO (Equivalent approximate in Rs.)	7 495	- -
In CAD (Equivalent approximate in Rs.)	2 87	* 9
In AUD (Equivalent approximate in Rs.)	* 7	* 6
In JPY (Equivalent approximate in Rs.)	3 2	319 188
In SGD (Equivalent approximate in Rs.)	* *	* *
In CNY (Equivalent approximate in Rs.)	27 267	24 238
In NOK (Equivalent approximate in Rs.)	* *	* *
In ZAR (Equivalent approximate in Rs.)	* *	1 3
b) Asset - Trade Receivables		
In GBP (Equivalent approximate in Rs.)	* 33	1 55
In EURO (Equivalent approximate in Rs.)	7 503	2 195
In AUD (Equivalent approximate in Rs.)	2 35	* *
In USD (Equivalent approximate in Rs.)	120 7,491	135 8,313
c) Asset - Bank Balances		
In USD (Equivalent approximate in Rs.)	71 4,444	102 6,275

Notes to the financial statements

In addition to the above, the Company has entered into certain foreign currency forward contracts against highly probable forecast transactions relating to its purchases and sales. The foreign currency forward contracts in respect of highly probable forecast transactions outstanding at the balance sheet date aggregate as follows:

Particulars	Against	As at March 31, 2015	As at December 31, 2013
EURO	Payables	-	28

* Amount below the rounding off norm adopted by the Company.

31 Employee Stock Option Schemes:

The Company has a Employees Stock Option Plans (Stock Options "SO" and Restricted Units "RU") in operation for certain employees, which is administered by Honeywell International Inc. the ultimate holding company. Since the payments/ issue of shares, if any, under the plan are proposed to be made directly by Honeywell International Inc without any charge back to the Company, no accounting/disclosure for the plan has been made by the Company.

32 Contingent Liabilities:

(Rupees in lakhs)

Particulars	As at March 31, 2015	As at December 31, 2013
a) Income Tax claims against the Company	8,259	8,344
b) Excise duty claims against the Company	3	3
c) Sales tax refunds/claims against the Company	4,665	2,584
d) Customs duty claims against the Company	262	292
e) Claims against the Company not acknowledged as debts	1,516	1,516

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.

Notes to the financial statements

33. Details of products manufactured, traded and services rendered:

(Rupees in lakhs)

	Opening stock	Sales	Closing stock
i. Manufactured products (net of excise duty)			
Systems	-	23,158	-
	-	(20,337)	-
Transmitters	-	5,418	-
	-	(4,353)	-
Others (Including bought out and reimbursements)	603 (436)	120,151 (77,673)	516 (603)
ii. Traded products	3,508	26,676	3,914
Various	(3,432)	(20,797)	(3,508)
iii. Services rendered	-	64,933	-
	-	(47,528)	-
Total	4,111 (3,868)	240,336 (170,688)	4,430 (4,111)

Previous year figures are indicated in brackets.

34. Details of raw materials consumed:

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Components for System Integration	116,560	85,622
Total	116,560	85,622

35. Details of imported and indigenous components, stores and spare parts consumed and percentage of each, to total consumption:

(Rupees in lakhs)

Particulars	%	For the 15 months ended March 31, 2015	%	For the year ended December 31, 2013
Imported	37	43,452	32	26,978
Indigenous	63	73,108	68	58,644
Total		116,560		85,622

36. CIF value of imports:

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
a) Capital goods	650	255
b) Raw materials	60,153	47,418
Total	60,803	47,673

Notes to the financial statements

37. Expenditure in foreign currency:

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1) Travelling	9,923	6,183
2) Professional and consultation fees	1,373	95
3) Corporate overhead allocations	7,045	5,215
4) Others	1,949	1,827
Total	20,290	13,320

38. Earnings in Foreign Currency:

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
FOB value of exports	29,933	22,443
Services	34,621	24,466
Reimbursements	11,714	7,880
Others	11,816	9,166
Total	88,084	63,955

39. Contracts in Progress:

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
a) Aggregate amount recognized as contract revenue	115,766	76,665
b) In respect of Contracts in Progress		
i. Aggregate amount of contract costs incurred and recognized profits (less recognized losses) as at end of the financial period for all contracts in progress up to as at that date.	248,530	241,422
ii. Amount of customer advances received	1,016	420
iii. Amount of retentions	1,320	1,224
c) Gross amount due from customers for contract work	30,313	22,820
d) Gross amount due to customers for contract work	3,765	3,873
e) (c) - (d)	26,548	18,947

40. Disclosure as required by AS -29:

(Rupees in lakhs)

	Disputed statutory matters		Warranty [Refer Note 1 (n)]		Provision for estimated cost to complete on contracts		Total	
	2015	2013	2015	2013	2015	2013	2015	2013
Opening balance	1,521	1,511	613	698	1,154	2,132	3,288	4,341
Additions	87	10	432	381	10,714	4,195	11,233	4,586
Utilizations	-	-	385	368	9,120	4,894	9,505	5,262
Reversals	-	-	69	98	570	279	639	377
Total	1,608	1,521	591	613	2,178	1,154	4,377	3,288
Current portion	1,608	1,521	451	445	2,178	1,154	4,236	3,120
Non current portion	-	-	140	168	-	-	141	168

Notes to the financial statements**A Disputed statutory matters mainly include:**

- a) Provision for disputed statutory matters comprises matters under litigation with Sales Tax and Local authorities.
- b) 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.
- c) The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

B 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 contract cost will exceed total contract revenue. The provision shall be utilized as and when the contract gets executed.

C 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 from the date of handover of the project.

- 41** During the period ended March 31, 2015, the Company determined that certain costs had been recorded to incorrect projects and conducted a review to determine the impact of the same. Following conclusion of the review, adjustments have been made in these financial statements to reduce revenue by Rs.5,450 lakhs and profit before tax by Rs.6,729 lakhs. This reduction in profit before tax includes an impact of Rs. 1,279 lakhs for provision for future losses for certain projects in accordance with Accounting Standard 7 – Accounting for construction contracts.

Of the above adjustments, amounts of Rs. 4,002 Lakhs, which relate to prior years, have been disclosed as an exceptional item.

The Company is in the process of enhancing internal controls to minimize the risk of such incorrect recording of costs in the future.

42 Disclosures in accordance with Revised AS- 15 on “Employee Benefits”:**A Defined contribution plans**

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

(Rupees in lakhs)

Sr. No.	Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1	Contribution to employees' superannuation fund	130	112
	Total	130	112

Notes to the financial statements

B Defined benefit plans (gratuity and other retirement benefits)**i. Changes in the present value of obligation**

(Rupees in lakhs)

Sr. No.	Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1	Present value of obligation as at beginning of the year	2,443	2,265
2	Interest cost	251	177
3	Past service cost	-	-
4	Current service cost	475	322
5	Curtailement cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(378)	(153)
8	Actuarial (gain)/loss	280	(168)
9	Present value of obligation as at end of the year	3,071	2,443

ii. Changes in fair value of plan assets

(Rupees in lakhs)

Sr. No.	Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1	Present value of obligation as at beginning of the year	1,916	1,260
2	Expected return on plan assets	223	144
3	Actuarial gain/(loss)	(128)	(57)
4	Employers' contribution	337	706
5	Assets distributed on settlement	-	-
6	Employees' contribution	-	-
7	Benefits paid	(362)	(137)
8	Present value of obligation as at end of the year	1,986	1,916

Fair Value of the planned asset as at March 31, 2015 represents the balance as confirmed by the insurer managed funds.

iii.a. 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	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1	Present value of funded obligation	3,071	2,443
2	Fair value of plan assets	1,986	1,916
3	Net liability recognized in the Balance Sheet	1,085	527

Notes to the financial statements

iii.b. 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	As at March 31, 2015	As at December 31, 2013
1	Present value of funded obligation	11,541	8,791
2	Fair value of plan assets	11,226	8,668
3	Net liability recognized in the Balance Sheet	315	123

iv. Expenses recognized in the statement of profit and loss

(Rupees in lakhs)

Sr. No.	Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
1	Current service cost	475	322
2	Past service cost	-	-
3	Interest cost	251	177
4	Expected returns on plan assets	(223)	(144)
5	Curtailment cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Net actuarial (gain)/loss	408	(111)
8	Employees' contribution	-	-
9	Total expenses recognized in the Statement of Profit and Loss	911	244

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

	Particulars	As at March 31, 2015	As at December 31, 2013
1	Insurer managed funds	100%	100%

vi. 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.

vii. The actual return on plan assets is as follows

(Rupees in lakhs)

	Particulars	As at March 31, 2015	As at December 31, 2013
a	Actual return on plan assets	95	87

Notes to the financial statements

viii. Following are the principal actuarial assumptions used as at the balance sheet date

	Particulars	As at March 31, 2015	As at December 31, 2013
1	Discount rate	7.80%	9.00%
2	Expected rate of return on plan assets	9.35%	9.35%
3	Rate considered for actuarial valuation for PF interest shortfall	8.75%	8.75%
4	Salary escalation rate - management staff	6.00%	6.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

ix. The amounts pertaining to defined benefit plans are as follows:-

(Rupees in lakhs)

Sr. No.	Particulars	As at March 31, 2015	As at December 31, 2013	As at December 31, 2012	As at December 31, 2011	As at December 31, 2010
a	Gratuity plan (funded/unfunded)					
i	Defined benefit obligation	3,071	2,443	2,265	1,715	1,391
ii	Plan assets	1,986	1,916	1,261	963	1,039
iii	Surplus/(deficit)	(1,085)	(527)	(1,004)	(752)	(352)
iv	Experience adjustment plan liabilities	190	(23)	(205)	(270)	(193)
v	Experience adjustment plan assets	12	(57)	(28)	6	7

x. Expected contribution to the funds in the next year

(Rupees in lakhs)

Particulars	For the 15 months ended March 31, 2015	For the year ended December 31, 2013
Gratuity	500	300
Provident fund	400	330

43 Proposed dividend:

The final dividend proposed for the year is as follows:

Particulars	As at March 31, 2015	As at December 31, 2013
On equity shares of Rs. 10 each		
Amount of dividend proposed (Rs. in lakhs)	1,105	884
Dividend per equity shares (Rs.)	12.50	10

Notes to the financial statements

- 44** As set out in section 135 of the Companies Act, 2013 the Company is required to contribute Rs. 283 lakhs towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has contributed Rs. 283 lakhs towards the eligible projects as mentioned in Schedule VII (including amendments thereto) of the Companies Act, 2013.
- 45** Consequent to the change in the financial year of the Company from January - December to April - March with effect from the current year, the current year's financial statements are for 15 months from January 1, 2014 to March 31, 2015. The previous year's figures relate to the 12 months ended December 31, 2013. In view of the above, the current year's figures are accordingly not comparable to those of the previous year.
- 46** Previous year's figures have been regrouped, wherever necessary, to conform with current period's presentation.

For and on behalf of the Board

For **Price Waterhouse & Co Bangalore LLP**
Firm Registration Number - FRN 007567S/S-200012
Chartered Accountants
Amit Borkar
Partner
Membership No: 109846

S.L. Rao
Chairman

Vikas Chadha
Managing Director

Sangeet Hunjan
Company Secretary

Anurag Bhagania
Chief Financial Officer

Place : Gurgaon
Date : May 25, 2015

Place : Gurgaon
Date : May 25, 2015

Company's Philosophy on the Code of Governance

The revised Corporate Governance Code incorporated in Clause 49 of the Listing Agreement of the Stock Exchanges is applicable to your Company. The Company continues to have Independent Directors on the Board who are actively involved in all the important policy matters. Your Company strives to ensure that it follows the Code of Corporate Governance not only in letter but also in spirit to ensure transparency, accountability and integrity.

Rights of Shareholders

The Company is committed to facilitate the exercise of shareholders rights for voting on all crucial decisions, by making available voting through electronic means. The shareholders are given an opportunity at the general meetings to ask questions to the Board and the same are replied to by the Managing Director. [as per Clause 49(I)(A)1].

Information regarding the general meeting is given to the shareholders in advance and no shareholder has any control disproportionate to their holdings. [as per Clause 49(I)(A)2].

The Company has only one class of equity shares. The shareholders have the right to appoint/re-appoint the Directors on the Board. E-voting will facilitate foreign shareholders to vote. The Company has a framework to avoid Insider trading and abusive self dealing. The Company has adopted the Code of Fair Disclosure Practices for Prevention of Insider Trading and the same has been put up on its website. [as per Clause 49(I)(A)3].

The Company respects the rights of its shareholders and provides effective redressal mechanism for violation of their rights, if any. All information is provided on the website of the Company on a timely and regular basis to enable the shareholders to participate in Corporate Governance process. The Company also encourages employee participation in the Corporate Governance process through a strong whistle blower mechanism and conducts regular trainings to ensure employees are aware of the options available to them. [as per Clause 49(I)(B)1].

The Company follows all disclosure requirements on all material matters [as per Clause 49(I)(C)1] and has a strong Board fully conversant with the requirements of law. The Board fulfils all the key functions as required by it and also does the needful to carry out its other responsibilities. [as per Clause 49(I)(D)1,2&3].

Composition:

The Board comprises of 2 Independent Directors, a Managing Director and 3 Directors nominated by the Promoters, Honeywell International Inc. out of which one is Woman Director. The Company has an Independent Non-Executive Chairman and one-third of the total number of Directors are Independent Directors [as per Clause 49(II)(A)].

Independent Directors

The Company has 2 Independent Directors, whose appointments for the period December 15, 2014 to December 14, 2019 have been approved by the Shareholders by means of a postal ballot. They have given a certificate of Independence to the Company and their appointment letters have been uploaded on the website of the Company.

During the year under review, the two Independent Directors discussed on March 23, 2015, the evaluation of the Board and the Non-Executive Directors. The discussions covered both strategic and operational inputs provided by the Board as well as the quality, content and timeliness of the flow of information between the Management and the Board. [as per Clause 49(II)(B)]

The Company has given suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. [as per Clause 49(II)(B)]

Performance Evaluation

The Board has carried out the annual evaluation of its own performance as well as the Directors individually.

The performance evaluation of the Independent Directors was carried out by the entire Board, as per the criteria laid down by the Nomination And Remuneration Committee. A structured questionnaire was prepared, covering various aspects of the Board's functioning such as the participation in the Board & and its Committee meetings, strategic guidance, risk mitigation, internal controls and governance. [as per Clause 49(II)(B)]

Remuneration of Directors

The Non-Executive Directors (NEDs) 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 the Company calculated in accordance with the provisions of the Companies Act, 1956/Companies Act, 2013.

A Sitting Fee of Rs. 20,000/- per Board, Audit Committee and Nomination & Remuneration Committee Meeting and Rs. 10,000/- for Stakeholder Relationship Committee Meetings attended by the Non-Executive Directors is paid to them [as per Clause 49(I)(C)].

Committees of the Board:

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees [as per Clause 49(II)(D)] across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The Board met five times on the following dates during the period ended March 31 2015 and the gap between two meetings did not exceed four months:

February 5, 2014 April 30, 2014 August 11, 2014 October 31, 2014 February 9, 2015

As required by Annexure X to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions as held by them in other public limited companies as on March 31, 2015 are given below:

Name	Category	No. of Board Meetings attended during January 2014 to March 2015	Attendance at the last AGM held on April 30, 2014	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. S.L.Rao * (Chairman)	Independent Non-Executive	5	Yes	2	2	2
Mr. N.Srinath **	Independent Non-Executive	3	No	5	0	1
Mr. M.N. Bhagwat ***	Promoter Not Independent Non-Executive	2	Yes	Nil	Nil	Nil
Mr. Vikas Chadha Managing Director	Promoter Not Independent Executive	5	Yes	Nil	Nil	Nil
Mr. Norman Gilsdorf	Promoter Not Independent Non-Executive	3	Yes	Nil	Nil	Nil
Mr. Gerard Willis****	Promoter Not Independent Non-Executive	1	No	Nil	Nil	Nil
Mr. Anant Maheshwari	Promoter Not Independent Non-Executive	5	Yes	Nil	Nil	Nil
Ms. Nisha Gupta *****	Promoter Not Independent Non-Executive	3	Yes	Nil	Nil	Nil

* Appointed as Chairman w.e.f August 11, 2014

** Appointed as Independent Director in casual vacancy caused due to retirement of Mr. M. N. Bhagwat w.e.f. August 11, 2014

*** Retired w.e.f. April 30, 2014

**** Resigned w.e.f. April 30, 2014

***** Appointed in casual vacancy caused due to resignation of Mr. Gerard Willis, w.e.f. April 30, 2014

Audit Committee

During the period under review the Committee was re-constituted with Mr. S.L. Rao as the Chairman of the Committee and Mr. N. Srinath and Ms. Nisha Gupta as the members [as per Clause 49(III)(A)]. The members of the Committee have the relevant experience in the field of financial reporting and Accounting statements. The Company Secretary acts as the Secretary to the Committee. Audit Committee meetings are attended by the Chief Financial Officer, Legal Head and the Company Secretary. The Internal Auditor and the representatives of the Statutory Auditors are invited to the meetings.

The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49 (III)(D) of the Listing Agreement as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. 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
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. 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 utilized 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;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the Whistle Blower mechanism;
 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; approval of appointment and remuneration of Chief Internal Auditor.
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met on the following dates during the period ended March 31, 2015:

February 5, 2014 April 30, 2014 August 11, 2014
October 31, 2014 February 9, 2015

Attendance at the Audit Committee Meeting:

Name of Director	No. of Meetings held	No. of Meetings Attended
Mr. M.N. Bhagwat*	5	2
Mr. Gerard Willis**	5	1
Mr. S.L. Rao***	5	5
Mr. N. Srinath****	5	3
Ms. Nisha Gupta*****	5	3

* Retired w.e.f. April 30, 2014

**Resigned w.e.f. April 30, 2014

*** Appointed as Chairman w.e.f August 11, 2014

**** Appointed as Independent Director in casual vacancy caused due to retirement of Mr. M. N. Bhagwat w.e.f. August 11, 2014

***** Appointed in casual vacancy caused due to resignation of Mr. Gerard Willis, w.e.f. April 30, 2014

The Audit Committee mandatorily reviews all the information required as per Clause 49 (III) (E).

Nomination and Remuneration Committee:

The Company has constituted the Nomination and Remuneration Committee in line with the requirements of Clause 49 (IV) of the Listing Agreement. The broad terms of reference are as follows:-

1. 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;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

The Nomination & Remuneration Committee comprises of the following three Directors of the Company:

Mr. N. Srinath	Chairman-Independent, Non-Executive Director
Mr. S.L. Rao	Member-Independent, Non-Executive Director
Mr. Anant Maheshwari	Member-Promoter, Not Independent, Non-Executive Director

Meetings held:

February 5, 2014 August 11, 2014 February 9, 2015 March 30, 2015

The Committee met on February 9, 2015, to appraise and decide the commission to be paid to Mr. Anant Maheshwari and compensation payable to Mr. Vikas Chadha, Managing Director.

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component) and commission (a variable component). Salary is paid within the range approved by the Shareholders. The Board on the recommendations of the Nomination & Remuneration Committee approves the annual increments (effective 1st April each year).

The Board fixes a ceiling on perquisites and allowances as a percentage of salary. Commission is calculated with reference to the net profit of the 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 & Remuneration Committee, subject to the overall ceiling as stipulated in the Companies Act, 2013.

Given below are the details of Remuneration paid to Non-Executive Directors for the period January 2014 to March 2015 for attending Board Meetings and various Board constituted Committee Meetings.

Non-Executive Directors:

(Rs. in lacs)

Director	Sitting Fees	Commission	Shareholding
Mr. M.N. Bhagwat	1.10	5.3	Nil
Mr. S.L. Rao	2.20	19.70	Nil
Mr. N. Srinath	1.00	13.80	Nil

The criteria for determination of commission to non-executive independent directors as approved by the Board include roles, responsibilities and contribution to the Company as Chairman/member of the Board and various Committees of the Board. Criteria also include attendance at the meeting of the Board and various Board Committees.

The Directors nominated by Honeywell do not accept any sitting fees or commission.

Managing Director:

(Rs. in lacs)

Name	Salary & Allowances for a period of 15 months Jan. 2014 to Mar. 2015	Commission for a period of 15 months Jan. 2014 to Mar. 2015
Mr. Vikas Chadha	143	35

Period of Contract of MD : 5 years from January 1, 2014.

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

Severance fees – Nil

Stakeholders' Relationship Committee

Pursuant to Clause 49 (VIII) (E), the Stakeholders' Relationship Committee is constituted as follows, in order to consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

Ms. Nisha Gupta – Chairperson
Mr. Vikas Chadha – Member, Managing Director

The Committee met on October 31, 2014 during the last financial year.

Name, designation & address of Compliance Officer:

Ms. Sangeet Hunjan
Company Secretary,
56 & 57, Hadapsar Indl. Est.
Pune 411 013
Phone: 020-66008187
Fax No.: 020-66039800

No. of queries received from the investors from 1.1.2014 to 31.03.2015 comprising of Non-receipt of Dividend Warrants, Non-receipt of securities sent for transfer, Demat etc.	0
No. not solved to the satisfaction of the investor as on 31.03.2015	0
No. of pending share transfers as on 31.03.2015	0

Details on General Meetings:

i. Location, date and time of General Meetings held during the last 3 years:

The last three AGMs were held on –20.04.2012, 03.05.2013 and 30.04.2014

AGM held on 20.04.2012 was held at *Saffire, Honeywell Automation India Limited, Pune 411 013 at 4.00 p.m.*

AGM held on 03.05.2013 was held at *Saffire, Honeywell Automation India Limited, Pune 411 013 at 2.00 p.m.*

AGM held on 30.04.2014 was held at *Saffire, Honeywell Automation India Limited, Pune 411 013 at 4.00 p.m.*

- | | |
|---|-----|
| ii. Whether Special Resolutions passed in the last 3 AGMs : | No |
| iii. Whether Special Resolutions passed through postal ballot last year : | Yes |

Details of voting pattern – Postal ballot (including e-voting)

Special Resolution passed on December 15, 2014								
Consent of the Company under Section 180(1) (c) of the Act to the Board of Director to borrow up to Rs.150 crores or the aggregate of the paid up capital and the reserves of the Company, whichever is higher.								
	Promoter/ Public	No. of Shares Held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/ (1)*100	[4]	[5]	[6]=[4]/ (2)*100	[7]=[5]/ (2)*100
1	Promoter and Promoter Group	6631142	6631142	100.00	6631142	0	100.00	0.00
2	Public - Institutional holders	1334261	793765	59.49	793765	0	100.00	0.00
3	Public- Others	876120	27419	3.13	25904	1515	94.47	5.53
	Grand Totals	8841523	7452326	84.29	7450811	1515	99.98	0.02

Special Resolution passed on December 15, 2014								
Consent of the Company under Section 180 (1) (a) of the Act to the Board of Director to create charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.								
	Promoter/ Public	No. of Shares Held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes – against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/ (1)*100	[4]	[5]	[6]=[4]/ (2)*100	[7]=[5]/ (2)*100
1	Promoter and Promoter Group	6631142	6631142	100.00	6631142	0	100.00	0.00
2	Public - Institutiona l holders	1334261	793765	59.49	793765	0	100.00	0.00
3	Public- Others	876120	27639	3.15	26069	1570	94.32	5.68
	Grand Totals	8841523	7452546	84.29	7450976	1570	99.98	0.02

- iv. Person who conducted the postal ballot exercise – P.N. Parikh & Associates, Practicing Company Secretaries
- v. Whether any Special Resolutions are proposed to be conducted through postal ballot – Yes. Special Resolution for approval of Related Party Transactions with Honeywell International Inc., the Ultimate Holding Company (Section 188 of the Companies Act, 2013).
- vi. Procedure for postal ballot – As prescribed under the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Clause 35B of the Listing Agreement.

Risk Management: [As per Clause 49 (VI)]

The Company's Risk Management Processes ensure that the management controls risks through means of a properly defined framework. The risk is reviewed periodically by the MD and the CFO through an established Risk Assessment framework and also annually by the Board of Directors.

Disclosures

Related Party Transactions:

Related party transactions [as per Clause 49(VII)(A)] are defined as the transactions of the Company of a material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Among the related party transactions are contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in a Register of Contracts under Section 301 of the Companies Act, 1956 and Register of contracts with related party and contracts and Bodies etc. in which directors are interested (MBP-4) as per Companies Act, 2013 and the register is placed before every Board Meeting.

All transactions covered under the related party transactions are regularly ratified and/or approved by the Board. There were no material transactions during the period January 2014 to March 2015 that are prejudicial to the interest of the Company.

The Related party Transactions Policy is available on the website of the Company.

Statutory Compliance, Penalties and Strictures:

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

Statutory Compliance:

The Legal Head, the Company Secretary and Chief Financial Officer of the Company act as Compliance Officers who advise the Company on compliance issues with respect to the laws of various jurisdictions in which the Company has its business activities and ensure that the Company is not in violation of laws of any jurisdiction where the Company operates. All Business Unit Heads give Compliance Certificate to the Managing Director of the Company. The Compliance Officers ensure that the business operations of the Company are not in contravention of any laws.

Whistle Blower Policy/Vigil Mechanism:

The Company has put in place a mechanism for the employees to reach out to the Business Conduct Leaders to report any non-compliance and no personnel have been denied access to the Audit Committee. The details of the policy are available on the website on the Company. [As per Clause 49 (II) (F)]

Code of Conduct:

The Board members and senior managerial personnel have affirmed compliance with the Honeywell code of conduct for the current year. [As per Clause 49 (II) (E)]

Compliance with Clause 49:

The Company strives to be fully compliant with the non-mandatory requirements of this clause.

- The Board:** The Chairman of the Board is based at Bangalore.
- Nomination and Remuneration Committee:** This committee has been constituted and is responsible for all payments to be made to the Directors.
- Shareholder Rights:** The Company publishes the financial results in two newspapers and also uploads them on Company website. Therefore, no individual intimations are sent to the shareholders.
- Audit Qualifications:** The Company is in the regime of unqualified financial statements. The Directors' Response to the comments made by the Auditors in the paragraph 8(b) of the Auditors' Report and paragraph iv and xxi of Annexure to Auditors' Report for the period ended March 31, 2015 has been provided in the Directors' Report.
- Separate posts of Chairman and Managing Director:** The Company has appointed separate persons to the posts of Chairman and Managing Director.
- Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee at regular intervals.

Means of Communication:

Quarterly Results:

Which newspapers normally published in	:	Economic Times, Maharashtra Times
Any website, where displayed	:	www.honeywellautomationindia.com
Whether it also displays official news Releases; and the presentations Made to institutional investors/analysts	:	Yes

General Shareholder Information**AGM: Date, time and venue**

July 21, 2015 at 3.00 p.m. at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune 411 013

As required under Clause 49, particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on July 21, 2015.

Financial Calendar	: Period ending	March 31, 2015
	AGM	July 21, 2015
Dividend Payment Date	: July 31, 2015	
Date of Book Closure	: Thursday, July 9, 2015 to Thursday, July 16, 2015 (both days inclusive)	
Listing on Stock Exchanges	: The Company's shares are listed on the following 2 Stock Exchanges in India: The Stock Exchange, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Limited Bandra Kurla Complex, Mumbai 400 051	

The Company had paid annual listing fees to each of the above exchanges for the financial year 2014-15.

Stock Code

The Stock Exchange, Mumbai:

Equity Shares	(physical form)	:	174
	(demat form)	:	517174

BSE Stock Symbol: HONAUT

Market Price Data – BSE

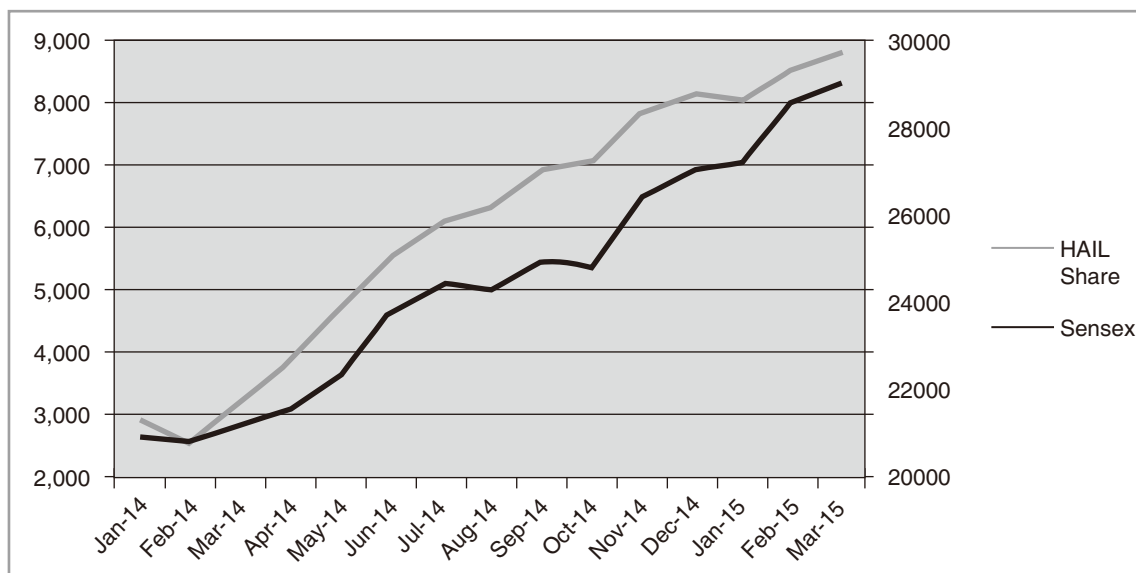
Month	High	Low
January 2014	2,814	2,500
February 2014	2,685	2,492
March 2014	3,075	2,595
April 2014	3,400	2,832
May 2014	4,250	3,095
June 2014	5,200	4,120
July 2014	5,375	4,830
August 2014	5,325	4,750
September 2014	5,756	5,140
October 2014	5,773	5,065
November 2014	7,460	5,530
December 2014	7,494	6,347
January 2015	7,500	6,650
February 2015	9,500	6,630
March 2015	9,438	7,228

NSE Stock Symbol: HONAUT

Market Price Data – NSE

Month	High	Low
January 2014	2,824	2,527
February 2014	2,685	2,496
March 2014	3,095	2,592
April 2014	3,201	2,939
May 2014	4,295	3,133
June 2014	5,270	4,051
July 2014	5,393	4,861
August 2014	5,349	4,763
September 2014	5,769	5,004
October 2014	5,799	5,107
November 2014	7,470	5,580
December 2014	7,495	6,411
January 2015	7,480	6,529
February 2015	9,500	6,680
March 2015	9,498	8,200

Comparison of Monthly Average of BSE SENSEX V/S HAIL Price



Registrar and Share Transfer Agents

: TSR Darashaw 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
E-mail: csg-unit@tsrdarashaw.com
Website: <http://www.tsrdarashaw.com>

Share Transfer System

: Share Transfers in physical form can be lodged with TSR Darashaw Ltd. at the above mentioned address or at their branch offices, addresses of which are available on their website.

The Transfers are normally processed within 15 days if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers.

Distribution of Shareholding March 31, 2015:

Number of Ordinary Shares held	Number of Shares	
	31-03-2015 (%)	31-03-2014 (%)
1 to 500	6.66	7.09
501 to 1000	0.70	0.79
1001 to 2000	0.51	0.55
2001 to 3000	0.15	0.20
3001 to 4000	0.33	0.34
4001 to 5000	0.32	0.27
5001 to 10000	1.03	1.09
Over 10000	90.30	89.67
Total	100.00	100.00

Categories of Shareholders as on March 31, 2015:

Category	No. of shareholders	No. of shares held
Foreign Promoters	1	6631142
Non Resident Individuals	181	10966
Foreign Institutional Investors	11	23741
Banks	3	660
Other Insurance Company	2	7673
Mutual Funds / UTI	29	1302756
Central Government / State Governments(s)	1	285
Domestic Companies	378	117234
Resident Individuals	9658	746177
Trust & Charitable Institutions	5	889
	10269	8841523

Dematerialisation of shares and liquidity	: The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) for demat facility. 98.59 % of the Company's share capital is dematerialised as on 31.03.2015.
Outstanding GDRs/ADRs Warrants of any Convertible Instruments, conversion date and likely impact on equity	: Nil
Plant locations	: Honeywell Automation India Limited Plot # 101, Savli Industrial Estate, Village Alindra, Taluka - Savli, Dist.: Vadodara - 391775, Gujarat, India : 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 E-mail: HAIL.InvestorServices@Honeywell.com Website: www.honeywellautomationindia.com

Declaration – Code of Conduct

As per Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed compliance with the applicable Honeywell Code of Conduct for the financial period from January 1, 2014 to March 31, 2015.

For **Honeywell Automation India Limited**

Vikas Chadha
Managing Director

Place: Gurgaon
Date: May 25, 2015

Certificate regarding compliance of conditions of Corporate Governance

To
The Members
Honeywell Automation India Limited

We have examined all relevant records of Honeywell Automation India Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Stock Exchange (s) for the financial year ended 31st March 2015. We have obtained all the information and explanations which to the best of our 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. Our examination was carried out in accordance with Guidance Note on Corporate Governance Certificate (as stipulated in clause 49 of the listing agreement) issued by The Institute of Company Secretaries of India, New Delhi and 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, we certify that the Company has complied with all the mandatory conditions of the said clause 49 of the listing agreement.

For JDNASSA & Associates
Company Secretaries

Date: May 25, 2015
Place: Pune

Neha Limaye
Partner
FCS: 6222 CP: 6475

HONEYWELL AUTOMATION INDIA LIMITED

CIN: L29299PN1984PLC017951 | Regd. Office : 56 & 57, Hadapsar Industrial Estate, Pune - 411 013.

ATTENDANCE SLIP

I hereby record, my presence at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company at Honeywell Automation India Ltd., 56 & 57 Hadapsar Industrial Estate, Pune 411 013 at 3.00 p.m. on Tuesday, July 21, 2015.

NAME OF SHAREHOLDER/PROXY

FOLIO NO. _____ NO. OF SHARES HELD _____

SIGNATURE OF THE
ATTENDING MEMBER/PROXY

NOTES :

- (1) Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

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HONEYWELL AUTOMATION INDIA LIMITED

CIN: L29299PN1984PLC017951 | Regd. Office : 56 & 57, Hadapsar Industrial Estate, Pune - 411 013.

Proxy Form

Name of the member (s):		
Registered address:		
E-mail Id:	Folio No/ Client Id:	DP ID:

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

- | | | |
|-------------|-------------|----------------|
| 1. Name : | Address : | |
| Signature : | E-mail Id | or failing him |
| 2. Name : | Address : | |
| Signature : | E-mail Id | or failing him |
| 3. Name : | Address :: | |
| Signature : | E-mail Id : | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the THIRTY FIRST ANNUAL GENERAL MEETING of the company, to be held on the on Tuesday, July 21, 2015 at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune 411 013 at 3.00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Vote Optional*	
	For	Against
Ordinary Business		
Adoption of the Directors' Report and Audited Statement of Profit and Loss for the period ended March 31, 2015 and Balance Sheet as at that date		
Declaration of dividend at the rate of Rs. 12.50 (125%) per equity share of Rs. 10/- each for the period ended March 31, 2015		
Appointment of Mr. Anant Maheshwari as Director, who retires by rotation and is eligible for reappointment		
Appointment of M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) as the Statutory Auditors for a period of 5 years		
Special Business		
Approval of Related Party transactions/arrangements with Honeywell International Inc., Ultimate Holding Company, as per Section 188 of the Companies Act, 2013		

Signed this _____ day of _____ 2015

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp

Notes:

- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- *2. It is optional to indicate your preference. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she may deem appropriate.

Honeywell Automation India Limited
56 & 57, Hadapsar Industrial Estate
Pune 411 013, Maharashtra, India
Tel: +91 20 6603 9400
Fax: +91 20 6603 9800
E-mail: acsindia@honeywell.com

Website: www.honeywellautomationindia.com

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