

# Honeywell

THE POWER OF **CONNECTED**

2016-17  
Annual Report

Honeywell is building a smarter, safer, and more sustainable world.  
That's the Power of Connected. That's the Power of Honeywell.

**Board of Directors (as on May 25, 2017)**

Mr. Suresh Senapaty	(Chairman & Independent Director)
Mr. Srinath Narasimhan	(Independent Director)
Mr. Ashish Gaikwad	(Managing Director)
Mr. Vikas Chadha	(Director)
Ms. Nisha Gupta	(Director)
Ms. Tina Pierce	(Director)

**Senior Management Team**

Mr. Anant Kelkar	Head - Global Services
Ms. Anjani Ningoo	Head - Audit & Internal Controls
Mr. Aseem Joshi	Head - Building Solutions
Mr. Girish Shastri	Head - Global Manufacturing
Mr. Rohit Bansal	Head - Sensing & IOT
Mr. R. Ravichandran	Chief Financial Officer
Mr. Sudipta Das	Head - Environmental & Energy Solutions
Mr. Kapil Vardhan	Head - Human Resources
Mr. K. V. Ananthanarayanan	Head - Legal

**Company Secretary**

Ms. Farah Irani

**Registered Office**

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

**Auditors**

Deloitte Haskins & Sells LLP  
Chartered Accountants

**Bankers**

Citibank N. A.

**Registrar & Transfer Agent:**

TSR Darashaw 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 THIRD ANNUAL GENERAL MEETING (AGM) of HONEYWELL AUTOMATION INDIA LIMITED** will be held on Wednesday, August 9, 2017 at 4.00 p.m. at the Registered Office of the Company at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune - 411 013 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend of Rs. 10/- (100%) per equity share for the financial year ended March 31, 2017.
3. To consider to appoint a Director in place of Ms. Tina Pierce who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of Statutory Auditors for the financial year 2017-18.

“RESOLVED THAT pursuant to the ordinary resolution passed by the Members at the 31st Annual General Meeting of the Company and the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 {including any statutory modification(s) or re-enactment(s) thereof for the time being in force}, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting of the Company be and is hereby ratified for the financial year 2017-18 at a remuneration to be decided by the Audit Committee/Board of Directors in consultation with the Auditors.”

**SPECIAL BUSINESS:**

5. **To consider and approve Related Party transactions/arrangements with Honeywell International Inc, Honeywell Measurex (Ireland) Limited and Honeywell Turki-Arabia Limited.**

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

“RESOLVED THAT pursuant to provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, consent of the Company be and is hereby accorded for entering into contracts, arrangements, or transactions with Honeywell International Inc., Honeywell Measurex (Ireland) Limited and Honeywell Turki-Arabia Limited for estimated amounts as detailed below every financial year.

Nature of Contract/Arrangements/Transactions	Estimated amount every financial year (upto Rs. In lakhs)		
	Honeywell International Inc	Honeywell Measurex (Ireland) Limited	Honeywell Turki-Arabia Limited
	Ultimate Holding Company	Fellow Subsidiary	Fellow Subsidiary
Sale, purchase, or supply of any goods or materials	25,000	47,000	20,000
Avail of or render services	50,000	6,000	27,000
Sale or purchase of fixed assets	2,000	1,000	1,000
<b>Total</b>	<b>77,000</b>	<b>54,000</b>	<b>48,000</b>

RESOLVED FURTHER THAT the Managing Director and the Chief Financial Officer of the Company be and are hereby authorized severally, to do all such acts, matters, deeds, and things with regard to any contract, transaction, or 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.”

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

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

“RESOLVED THAT pursuant to Section 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and Rules thereunder, a commission for a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of the above-mentioned Sections of the Act, be paid and distributed amongst the Directors of the Company or some or any of them {other than the Managing Director/Executive Director(s)} in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing with the financials for the year commencing from April 1, 2017.

**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of Special Business under item nos. 5 and 6 are annexed hereto.
2. As required under Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) the relevant details of Directors seeking appointment/re-appointment at the ensuing AGM are given in the annexure to the AGM notice.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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.
4. 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.
5. 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.
6. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company’s Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant(s) so far for the financial year ended December 31, 2010 or any subsequent years 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.

7. The record date for determining the names of members eligible for dividend on equity shares, if approved by the members at the AGM is August 2, 2017.
8. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, TSR DARASHAW LTD.
9. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the Members to exercise their votes electronically through the electronic means. The facility of casting the votes using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. The instructions for e-voting are annexed to the Notice.
10. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with TSR DARASHAW LTD/their respective Depository Participants.
11. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., August 2, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
12. Mr. Jayavant B. Bhave, of J.B. Bhave & Co., Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
13. The Chairman shall 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.
14. The Scrutinizer shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 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.
15. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at the following link: <https://honeywell.com/country/in/Pages/hail.aspx> 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.
16. The Annual Report 2016-17, the Notice of 33<sup>rd</sup> AGM and instructions for remote e-voting, alongwith the Attendance Slip and Proxy form are also being sent by electronic mode to Members who have registered their e-mail IDs with the DPs or with the Company.

17. The Annual Report duly circulated to the Members of the Company, is available on the Company's website at the following link:<https://honeywell.com/country/in/Pages/hail.aspx>.
18. All documents referred to in the Notice will be available for inspection at the Company's registered office on all working days, during business hours upto the date of the AGM.
19. The Registers under the Company's Act, 2013 will be available for inspection at the Registered Office of the Company during business hours except on holidays.
20. Members are requested to bring their copy of Annual Report to the AGM.
21. A route map to the venue of the AGM is provided at the end of the Annual Report.

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

**Farah Irani**  
Company Secretary

Gurugram, May 25, 2017

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,  
Pune 411 013, Maharashtra  
CIN: L29299PN1984PLC017951  
Tel: +91 20 6603 9400; Fax: +91 20 6603 9800  
E-mail: [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com)  
Website: <https://honeywell.com/country/in/Pages/hail.aspx>

**STATEMENT SETTING OUT MATERIAL FACTS**

*Pursuant to Section 102 of the Companies Act, 2013*

**Item No. 5:**

Honeywell International Inc (HII), USA, is the ultimate holding company of your Company. Honeywell Measurex (Ireland) Limited (HMI) and Honeywell Turki-Arabia Limited (HTAL) are fellow subsidiaries of Honeywell International Inc, Ultimate Holding Company. Being a part of a Honeywell, your Company works closely with these entities to meet its business objectives. The Company has a range of transactions with these entities, including purchase and sale of goods and services in ordinary course of business.

The Company expects to have transactions not exceeding an estimated value of Rs. 77,000 Lakhs, Rs. 54,000 Lakhs and

Name of Related Party	Honeywell International Inc.	Honeywell Measurex (Ireland) Limited	Honeywell Turki-Arabia Limited
Nature of Relationship	Ultimate Holding Company	Fellow Subsidiary	Fellow Subsidiary
Nature, Material Terms & Particulars of Contract	Estimated amount every financial year (upto Rs. in Lakhs)		
Sale, purchase or supply of any goods or materials [Sec 188(1)(a) of Companies Act, 2013]	25,000	47,000	20,000
Availing or rendering of any services [Sec 188(1)(d) of Companies Act, 2013]	50,000	6,000	27,000
Selling or otherwise disposing of, or buying, property of any kind [Sec 188(1)(b) of Companies Act, 2013]	2,000	1,000	1,000
Name of Interested Director/Key Managerial Personnel	Mr. Ashish Gaikwad, Mr. Vikas Chadha, Ms. Nisha Gupta and Ms. Tina Pierce are considered to be interested, being Promoter Directors		
Ordinary Course of Business	Yes		
Arm's length	Yes		

The Board recommends the passing of the resolution set out at Item No.5 of the Notice.

Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Item No. 6:**

At the Twenty-Ninth Annual General Meeting held on May 3, 2013, the Members had approved the payment of commission to Directors of the Company or some or any of them (other than the Managing Director) for a sum not exceeding one percent per annum of the net profits of the Company for each year of the period of five years commencing with the financials for the year commencing January 1, 2012. The said approval has expired on March 31, 2017. Hence, it is proposed to renew the said resolution for a further period of five years commencing with the financials for the year commencing April 1, 2017; by approving the payment of commission to Directors of the Company or some or any of them {other than the Managing Director/Executive Director(s)} for a sum not exceeding one percent per annum of the net profits of the Company calculated as per provisions of Section 198 of the Companies Act, 2013.

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

Mr. Suresh Senapaty and Mr. N. Srinath – Independent Directors are interested in this Resolution. Save and except the above, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or

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

*{Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Standard 1.2.5 of SS-2, Secretarial Standard on General Meetings}*

Name of the Director	Ms. Tina Pierce
DIN	07714933
Date of Birth	November 27, 1966
Date of appointment on the Board	February 6, 2017
Qualification	Bachelor's degree in finance from Ball State University and a master's degree in business administration from Florida State University. Tina is also a Certified Public Accountant (C.P.A.) and Certified Management Accountant (C.M.A.).
Experience & Brief profile and nature of expertise in specific functional areas	<p>Ms. Tina Pierce is Vice President and Chief Financial Officer of Honeywell Process Solutions (HPS), one of the world's leading suppliers of automation and control systems. Most recently, Tina worked as Vice President, Finance Transformation, leading several corporate initiatives to drive a more contemporary finance organization. Prior to this, she worked at UOP for five years as the Vice President and CFO. Since joining Honeywell, Ms. Tina Pierce has held a number of finance leadership roles across all three Honeywell strategic business groups. She was the CFO for the Honeywell Electronic Materials business and also completed a 2.5 year assignment in Hong Kong and Singapore.</p> <p>In 2011, she completed the Northwestern Kellogg School of Management Executive Scholar Program, including the Board of Directors Development Program for Women. In 2012, she completed the Becoming a Strategic CFO at Wharton and Audit Committees in a New Era of Governance at Harvard University. In 2015, she completed the Honeywell Executive Development</p>
Directorships held in other companies.	Nil
Memberships / Chairmanships of committees	Nil
Relationship with other Directors/Manager/Key	None
Shareholding in the Company	Nil
No. of Board/Committee Meetings attended	1 (One) / N.A.

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

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

Gurugram, May 25, 2017

**Farah Irani**  
Company Secretary

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,  
Pune 411 013, Maharashtra  
CIN: L29299PN1984PLC017951  
Tel: +91 20 6603 9400; Fax: +91 20 6603 9800  
E-mail: HAIL.InvestorServices@Honeywell.com  
Website: <https://honeywell.com/country/in/Pages/hail.aspx>

## **INSTRUCTIONS FOR ELECTRONIC VOTING BY MEMBERS**

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

1. The remote e-voting period commences on Sunday, August 6, 2017 (9:00 a.m.) and ends on Tuesday, August 8, 2017 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of August 2, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
2. Members whose email IDs are registered with the Company/Depository Participants(s) will receive an email from NSDL informing them of their user ID and password. Once the Member receives the email, he/she will need to go through the following steps to complete the e-voting process-
  - a. 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. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password.
  - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>. Click on Shareholder – Login.
  - c. Enter user ID and password noted in step (a) above. Click Login.  
NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).  
In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DPID + Client ID).  
In case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No + Folio No).
  - d. After successful login, you can change the password with new password of your choice.
  - e. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - f. Select "REVEN" of Honeywell Automation India Limited.
  - g. Now you are ready for remote e-voting as "Cast Vote" page opens.
  - h. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - i. Upon confirmation, the message "Vote cast successfully" will be displayed.
  - j. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - k. 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](mailto:jbbhave@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
3. Members whose email IDs are not registered with the Company/Depository Participants(s) will receive a physical copy of the Notice of AGM alongwith Attendance Slip and Proxy form. The following instructions are to be followed -
  - a. Initial password is provided at the bottom of the Attendance Slip for the AGM

- b. Please follow all steps from Sr. No. 2 (a) to 2 (k) above, to cast your vote.
4. 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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
  5. 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.
  6. 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).
  7. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of August 2, 2017.
  8. 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., of August 2, 2017 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). 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 have forgotten your password, you can reset your password by using "*Forgot User Details/Password?*" or "*Physical User Reset Password?*" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Dear Members,

The Directors present the **THIRTY THIRD ANNUAL REPORT** with the audited statements of accounts of the Company for the financial year ended March 31, 2017.

#### 1. FINANCIAL RESULTS:

(Rs. in lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Sales &amp; Other Income</b>	<b>248,275</b>	<b>224,550</b>
Operating Profit	32,392	24,194
Less: Interest	26	38
Depreciation	1,635	1,540
Profit for the year	30,731	22,616
Income tax and Deferred Tax expenses	13,786	8,497
<b>Profit for the period</b>	<b>16,945</b>	<b>14,119</b>
Profit brought forward from the previous year	83,047	71,643
<b>Profit available for Appropriations</b>	<b>99,992</b>	<b>85,762</b>
<b>APPROPRIATIONS</b>		
General Reserve	1,694	1,385
Dividend Declared	884	1,105
Tax on Dividend	180	225
<b>BALANCE CARRIED FORWARD</b>	<b>97,234</b>	<b>83,047</b>

Revenue from Operations registered a growth of 10%. Profit before tax was 12.6% of revenue from operations as compared to 10.2% in previous year. Exports revenue increased over previous year by 36%. This growth was achieved despite competitive challenges on pricing.

#### 2. DIVIDEND:

Payment of final dividend @ Rs. 10/- per equity share of Rs. 10/- each was recommended by the Board of Directors at their meeting held on May 25, 2017. The dividend, if approved by the Members at the ensuing Annual General Meeting, will result in a total cash pay-out of Rs. 1,064 Lakhs including dividend distribution tax.

#### 3. APPROPRIATION TO GENERAL RESERVES:

The Company proposes to transfer Rs. 1,694 Lakhs to the general reserve out of the amount available for appropriation and an amount of Rs. 97,234 Lakhs is proposed to be retained in the profit and loss account.

#### 4. OPERATIONS:

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

**5. INDUSTRY OUTLOOK:**

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

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

Your Company continues to be strongly focused on its operational excellence journey using the Honeywell Operating System (HOS). HOS is favorably impacting Safety, Quality, Delivery, Cost, and Inventory metrics. The Pune Integrated Supply Chain organisation has sustained its HOS Silver Excellence certification and is now pursuing the next milestone of "World Class" in the new HOS Order-to-Cash Framework. In 2016-17, a significant part of the Global Engineering Services supporting Process Solutions has remained at Silver Level, with the aim of sustaining the organisation's maturity level in 2017. The Global Business Operations supporting Building Solutions achieved HOS Silver certification in October 2016. The Global Engineering Services supporting Process Solutions, already a silver certified site, is driving further maturity using HOS principles to achieve superior quality and delivery experience for customers.

**7. HUMAN RESOURCES:**

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

Your Company deploys a Positive Employee Relations (PER) framework to get annual feedback from all employees on key engagement factors to build an engaged and motivated workforce. Additionally, a Labour and Employment Relations framework elicits feedback in all our factories and supports action planning to drive engagement at all levels in the organisation.

As on March 31, 2017, the Company's employee strength was 2931 as compared to 2930 as on March 31, 2016. Your Company had 417 women employees which represents 14% of our workforce. The Company is fully compliant with the prevailing laws on Prevention of Sexual Harassment of Women at Workplaces. The Internal Complaints Committee deals with all matters related to the subject in accordance with the tenets of the law.

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

During the year, Mr. Vikas Chadha resigned as Managing Director w.e.f. the close of business hours of July 31, 2016. Mr. Anant Maheshwari resigned as Director w.e.f. the close of business hours of August 10, 2016. Mr. Vikas Chadha was appointed as Director with effect from August 11, 2016; in casual vacancy caused by resignation of Mr. Anant Maheshwari.

Mr. Ashish Gaikwad was appointed as Additional Director and Managing Director with effect from October 1, 2016 for the period of five years. His appointment as Director and Managing Director for the period of five years with effect from October 1, 2016 was further approved by shareholders pursuant to the necessary resolutions passed by Postal Ballot on December 9, 2016.

Mr. Norman Gilsdorf resigned as Director w.e.f. the close of business hours of November 9, 2016. Ms. Tina Pierce was appointed as Director with effect from February 6, 2017; in casual vacancy caused by resignation of Mr. Norman Gilsdorf.

Mr. Anurag Bhagania resigned as the Chief Financial Officer w.e.f. the close of business hours of June 26, 2016. Mr. R. Ravichandran was appointed as the Chief Financial Officer with effect from June 27, 2016.

Ms. Sangeet Hunjan resigned as the Company Secretary w.e.f. close of business hours of November 24, 2016. Ms. Farah Irani was appointed as the Company Secretary w.e.f. May 16, 2017.

As per the provisions of the Companies Act, 2013, Ms. Tina Pierce, who was appointed in casual vacancy of Mr. Norman Gilsdorf, retires by rotation at the forthcoming AGM and being eligible, she offers herself for re-appointment. The Board recommends her re-appointment.

Ms. Nisha Gupta continues to be Non-Executive Director and Mr. Suresh Senapaty and Mr. N. Srinath continue as Independent Directors on the Board.

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

The Board places on record its appreciation of the valuable contributions made by Mr. Norman Gilsdorf, Mr. Anant Maheshwari, Mr. Anurag Bhagania and Ms. Sangeet Hunjan.

#### **9. BOARD MEETINGS:**

Four meetings of the Board of Directors were held during the year. Details about the meetings are available in the Report on Corporate Governance, which forms a part of this Report.

#### **10. COMMITTEES OF BOARD:**

The details regarding Committees of the Board of Directors of the Company are given in the Report on Corporate Governance, which forms a part of this Report.

#### **11. DECLARATION BY INDEPENDENT DIRECTORS:**

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

#### **12. BOARD EVALUATION:**

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

The outcome of the Board evaluation was discussed by the Nomination & Remuneration Committee and at the Board Meeting held on February 6, 2017.

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

#### **13. CODE OF CONDUCT COMPLIANCE:**

The declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31, 2017 is given in Report on Corporate Governance, which forms a part of this Report.

**14. CORPORATE SOCIAL RESPONSIBILITY:**

Your Company remains committed to making the world a better place and expanding community outreach through CSR activities. As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company, in partnership with leading public and non-profit institutions, has developed powerful programs to address needs in the communities it serves. The Annual Report on CSR activities, in accordance with Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, is annexed herewith as "Annexure - 1" and the copy of the CSR Policy is also available on the Company's website.

**15. AUDITORS:****Statutory Audit**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder M/s. Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors for a period of 5 years to hold office from the conclusion of the AGM of the Company held on July 21, 2015, subject to ratification of their appointment at every subsequent AGM. A resolution seeking ratification of their appointment forms part of the Notice of AGM and the same is recommended for your consideration and approval.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

**Cost Audit**

In terms of the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit was not applicable to your Company for the financial year 2016-17.

**Secretarial Audit**

In terms of the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/s. Bokil Punde & Associates, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2016-17. The report of the Secretarial Auditors is enclosed as 'Annexure - 2' to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**16. RELATED PARTY TRANSACTIONS**

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

**17. RISK MANAGEMENT**

Your Company has an Enterprise Risk Management Framework, for identification, assessment, monitoring, and mitigation of operational, financial, and strategic business risks that are key in achieving our business objectives. Risks are identified and prioritized based on impact, and probability of occurrence. Mitigating controls are evaluated and reviewed periodically, and assessed for enhancement.

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

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

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

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

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

**20. INTERNAL FINANCIAL CONTROLS**

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

**21. HOLDING COMPANY**

The Company is a subsidiary of Honeywell Asia Pacific Inc. USA, the ultimate holding Company being Honeywell International Inc. USA.

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

There was no dividend declared pertaining to financial year ended December 31, 2008 and hence no unclaimed dividend was required to be transferred by the Company in 2016 to the Investor Education and Protection Fund established by the Central Government.

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) [IEPF] Rules, 2016 notified by Ministry of Corporate Affairs effective 7<sup>th</sup> September, 2016, the Company had dispatched the communication individually to the concerned shareholders whose equity share/s were liable to be transferred to IEPF under the Rules for taking appropriate action(s). The Company had also issued public notice in the Newspapers as required under the IEPF Rules.

The Company has uploaded the full details of such shareholders and shares due for transfer to IEPF on its website at the following link:

[https://honeywell.com/country/in/Documents/HAIL/HAIL\\_Details%20of%20Transfer%20of%20Shares%20to%20IEPF%20Suspense%20Account%20\\_29112016.pdf](https://honeywell.com/country/in/Documents/HAIL/HAIL_Details%20of%20Transfer%20of%20Shares%20to%20IEPF%20Suspense%20Account%20_29112016.pdf)

Shareholders are requested to refer the link to verify the details of the shares that are liable to be transferred to IEPF.

The status of Unclaimed Shares liable to be transferred to IEPF as on March 31, 2017 is as follows:

No. of Shares that are dormant and due to transfer to IEPF: December 5, 2016 (opening balance)	10859 Shares [Pay date 17.04.2008]
No of claims received during the period ended March 31, 2017	2 Investors for 300 Shares
No. of Shares Outstanding as on March 31, 2017	10559 Shares

**23. PARTICULARS OF EMPLOYEES**

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

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

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

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

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

No complaints on sexual harassment were received by the Company during the financial year under review.

**25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

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

**26. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

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

**27. SIGNIFICANT AND MATERIAL ORDERS**

There are no significant and material orders during the financial year ended March 31, 2017 passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

**28. DEPOSITS**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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

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

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

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

**31. EXTRACT OF ANNUAL RETURN**

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

**32. LEGAL COMPLIANCE REPORTING**

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

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

**33. DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on March 31, 2017 and of the profit for the year April 1, 2016 to March 31, 2017;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**34. DIVIDEND DISTRIBUTION POLICY:**

The SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 read with Notification dated July 8, 2016 mandates formulation of Dividend Distribution policy by Top 500 Listed Entities based on market capitalisation. In compliance with the Regulation, the Company has formulated dividend distribution policy prescribing the parameters for the dividend distribution and the same is disclosed in 'Annexure 8' to this Report and forms part of this Report. The policy is also available on the Company's website at the following link-

<https://honeywell.com/country/in/Documents/HAIL/Dividend%20Distribution%20Policy.pdf>

**35. BUSINESS RESPONSIBILITY REPORT:**

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

**36. ACKNOWLEDGMENT:**

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

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,  
Pune 411 013

## ANNEXURE - 1

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

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

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

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

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

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

Read the CSR Policy at the below weblink :

<https://honeywell.com/country/in/Documents/Policies/Corporate%20Social%20Responsibility%20Policy.pdf>

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

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

**3. Average net profit of the company for last three financial years: Rs. 17,388 Lakhs****4. Prescribed CSR expenditure (2% of the amount as in item 3 above): Rs. 348 Lakhs****5. Details of CSR spent during the financial year**

**(a) Total amount spent for the financial year:** During the period under review, your Company has contributed a sum of Rs. 348 Lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

- Rs. 47 Lakhs was contributed towards the Honeywell Science Experience program in partnership with Agastya International Foundation, a not-for-profit organization, that will deploy these funds over FY 2017-20
- Rs. 117 Lakhs was contributed towards the Honeywell Safe Water Network initiative to be implemented by Safe Water Network over FY 2017-18.
- Rs. 175 Lakhs was contributed towards the Honeywell Safe Schools program, to be implemented by Sustainable Environment and Ecological Development Society (SEEDS), a not-for-profit organization, over FY 2017-20.
- Rs. 9 Lakh was the overhead expenditure incurred by your Company during FY 2016-17.

(b) Amount unspent, if any: Nil

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

(1)	CSR project or activity identified	(1) Honeywell Science Experience with Agastya International Foundation, for setting up science centers, mobile science labs, and student mentors in Pune. (2) Honeywell Safe Water Network initiative for setting up safe drinking water stations in Telangana. (3) Honeywell Safe Schools with Sustainable Environment and Ecological Development Society (SEEDS) to sensitize students and teachers about disaster risk reduction.
(2)	Sector in which the Project is covered	(1) Special education (2) Safe drinking water (3) Special education
(3)	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(1) Pune (local area), multiple districts in Telangana (local area), New Delhi (local area) (2) Pune, Maharashtra; multiple districts in Telangana; and New Delhi, Delhi
(4)	Amount outlay(budget) projects or programs wise	(1) Honeywell Science Experience: Rs. 47 Lakhs (2) Honeywell Safe Water Network initiative: Rs. 117 Lakhs (3) Honeywell Safe Schools: Rs. 175 Lakhs
(5)	Amount spent on the projects or programs subheads (1) Direct expenditure on projects or program (2) Overheads	Rs.339 Lakhs Rs.9 Lakh
(6)	Cumulative expenditure up to the reporting period	Rs.348 Lakhs
(7)	Amount spent: Direct or through implementing agency	Honeywell Hometown Solutions India Foundation Address: 5 <sup>th</sup> Floor, Unitech Trade Centre, Sushant Lok Phase I, Block C, Sector 43, Gurugram – 122 002, Haryana, India. To receive entire grant and implement CSR activities through NGO partners: (1) Agastya International Foundation No. 101, Varsav Plaza, 12, Jayamahar Main Road, Bangalore – 560 046, India (2) Safe Water Network Address: The Centrum, Room 1, TB-3, III Floor, 369-370, Main Mehrauli-Gurugram Road, Sultanpur, New Delhi 110 030, India (3) Sustainable Environment and Ecological Development Society Address: 15-A, Institutional Area, Sector 4, R K Puram, New Delhi – 110 022, India

**6. Responsibility Statement**

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Ashish Gaikwad**  
Managing Director

**Nisha Gupta**  
Chairperson, CSR Committee

Gurugram, May 25, 2017

## ANNEXURE - 2

## Secretarial Audit Report

For The Financial Year Ended 31<sup>st</sup> March, 2017

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

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

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2017, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable to the Company.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the audit period)
  - d. The Securities and Exchange Board of India (Share based employees benefits) Regulations, 2014; (Not Applicable to the Company during the audit period)
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the audit period)
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We have also examined compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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

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

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

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

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

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

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

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

**Amit P Punde**  
Partner

C.P. No. 5268

Membership No. F5872

Date : 19/5/2017

Place : Pune

## ANNEXURE - 3

## Form No. AOC-2

**For The Financial Year Ended 31st March, 2017**

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

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

- Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements of transactions entered into during the financial year ended March 31 2017, which were not on arm's length basis.
- Details of material contracts or arrangement or transactions at arm's length basis:**

Name(s) of the related party	Nature of relationship	Nature of Contract/Arrangement/Transaction	Duration of Contract/Arrangement/Transaction	Salient Terms	Amount (Rs. Lakhs)
Honeywell International Inc.	Ultimate Holding Company	Sale, purchase or supply of goods or materials	Ongoing	In the ordinary course of business and based on Purchase Orders/Agreements	7,801
		Sales of engineering services, Purchase of services	Ongoing		16,617
		Corporate allocations	Ongoing		8,558

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

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

**ANNEXURE - 4****Nomination and Remuneration Policy****Objective**

The Nomination and Remuneration Committee of Honeywell Automation India Limited ("Company") comprises of three board members and plays the role of:

- Identification of potential candidates for becoming members of the Board based on the needs and requirements of the company and also identify persons to be recruited in the Key Managerial Personnel of the Company and;
- Ensuring the Company's compensation packages and other human resource practices are effective in maintaining a competent workforce and make recommendations relating to compensation of the Managing Director, Whole-time Directors, the Key Managerial Personnel, and Head – Audit & Internal Controls of the Company.

**Constitution**

The committee comprises of three Directors. At least half of the nominees to the committee shall be Independent Directors, the Chairperson being the Independent Director. The Chairperson of the Company may be a member but shall not chair such a Committee. The Chairperson of this Committee, or in case of his absence, any other person authorized by him shall attend the general meetings of the Company.

**Meaning of terms used**

- A. "Act" refers to the Companies Act, 2013 including the rules, schedules, clarifications, and guidelines issued by the Ministry of Corporate Affairs from time to time.
- B. "Board" refers to the Board of Directors of Honeywell Automation India Limited
- C. "Company" refers to Honeywell Automation India Limited

**Roles and responsibilities of the Committee include**

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

**A. Role played with respect to nominations:**

- Recommend for approval by the Board, candidates for appointment or re-appointment of Managing Director, Independent Directors and other Directors, in case of any vacancy or restructuring the composition of the Board.
- Recommend to the Board, the set up and composition of the board and its committees, including the formulation of the criteria for determining qualifications, positive attributes and independence of a director.
- The Committee may periodically consider reviewing the composition of the board based on age, gender, experience, knowledge, skills and independence.
- Assess extension or continuation of term of independent directors based on report of performance evaluation.
- Note any changes in Chief Financial Officer, Company Secretary and Senior Management (personnel who are members of core management team comprising all members of management one level below the executive directors, including the functional heads).
- Carry out evaluation of every director's performance and support the board and independent directors in evaluation of the performance of the Board, its Committees, and Individual Directors. This shall include "formulation of criteria and attributes for evaluation of performance of Independent Directors, the Board of

Directors and its committees.”

- Review performance appraisals of the Managing Director and Executive Director, Chief Financial Officer, Company Secretary and Internal Auditor.
- Review and reassess the NRC Policy and provide appropriate recommendations to the Board to update the policy based on changes brought about due to regulatory amendments or internal mandates.
- Oversee familiarisation programmes for directors.
- Oversee the human resource philosophy, human resource strategy, and human resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the board, key management personnel and executive team).
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

**B. Role played with respect to remuneration:**

Remuneration policy: Remuneration policy in the company is designed to create a high performance culture.

It enables the company to attract, retain and motivate employees towards achievement of business results. Our Company promotes and rewards achievement of goals and behavior described by the 12 Honeywell Behaviors. Our pay models are compliant with local regulations. The Company pays remuneration by way of salary, benefits, perquisites and allowances and variable incentives to its Managing Director and the Executive Directors. Annual increments are reviewed by the nomination and remuneration committee within the compensation scales approved by the members of the Company and are effective April 1 of each year. NRC reviews and approves the commission to be paid to the Managing Director and the Executive Directors out of the profits for the financial year and within the limits prescribed under the Act based on the performance of the company as well as the individuals. The company also reimburses the out-of-pocket expenses incurred by the directors for attending the meetings. Other duties include:

- Review and recommend to the Board, compensation payable to the Managing & Executive Director, Chief Financial Officer, Company Secretary and Internal Auditor.
- Advise the Board on payment of annual commission to the Non-Executive Directors.
- Advise the board on revision in sitting fees.
- Remuneration payable to directors in any other capacity, if any (e.g., for services rendered in professional capacity).

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

## ANNEXURE - 5

## Statement of Disclosure of Remuneration

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

**a. Remuneration disclosures for Executive Directors and Key Managerial Personnel (KMP) for the Financial year ended March 31, 2017**

Name	Designation	Ratio of remuneration to median remuneration of employees	Percentage increase in Remuneration <sup>(1)</sup>	Remuneration as a % of Net Profit for FY 2016-17
Mr. Vikas Chadha <sup>(2)</sup>	Managing Director	17:1	10%	1%
Mr. Anurag Bhagania <sup>(3)</sup>	Chief Financial Officer	13:1	NIL (increase given in Feb 2016)	0%
Mr. Ashish Gaikwad <sup>(4)</sup>	Managing Director	18:1	NIL (New Joined)	1%
Mr. R. Ravichandran <sup>(5)</sup>	Chief Financial Officer	13:1	NIL (New Joined)	1%
Ms. Sangeet Hunjan <sup>(6)</sup>	Company Secretary	2:1	8%	0%

<sup>(1)</sup>Based on Cost to Company as at the end of respective years

<sup>(2)</sup>Mr. Vikas Chadha resigned as Managing Director effective July 31, 2016 (close of business hours)

<sup>(3)</sup>Mr. Anurag Bhagania resigned as the Chief Financial Officer effective June 26, 2016 (close of business hours)

<sup>(4)</sup>Mr. Ashish Gaikwad was appointed as the Managing Director effective October 1, 2016

<sup>(5)</sup>Mr. R. Ravichandran was appointed as the Chief Financial Officer effective June 27, 2016

<sup>(6)</sup>Ms. Sangeet Hunjan resigned as the Company Secretary as on November 24, 2016 (close of business hours).

**b. Remuneration disclosures for Independent Directors for the financial year ended March 31, 2017**

(Rs. In lakhs)

Name	Designation	Sitting Fees	Commission	Total Remuneration
Mr. Suresh Senapaty	Chairman & Independent Director	3.60	20.00	23.60
Mr. N. Srinath	Independent Director	3.60	18.00	21.60

**c. Other details:**

- Independent Directors of the Company are entitled for sitting fees and commission as per the Statutory Provisions and within the limits approved by the Shareholders. As a Policy, the Non-Executive - Non-Independent Directors are neither paid sitting fee nor paid any commission.
- There were 2931 permanent employees on the rolls of Company as on March 31, 2017.
- There was an increase of 11% in the median remuneration of employees, which was in line with the performance of the Company.
- The revenue growth during 2016-17 over 2015-16 was 10% and Profit before Tax (before exceptional item)

grew by 36 %. Average percentage increase in salaries of employees other than KMPs was 10.3%. The average increase in the remuneration of KMPs was 4%.

- The variable remuneration availed by the executive directors is determined on the following parameters
  - Annual Operating Plan (AOP) with focus based on the Key Result Areas (KRAs) / Measurable Key Performance Indicators (KPIs) and implementation of the strategy of the Company and financial performance.
- During the financial year 2016-17, no employee received remuneration in excess of the highest paid Director.
- The remuneration paid is as per the Remuneration policy of the Company.

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

## ANNEXURE - 6

**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 year ended March 31, 2017 for the same are as under:

- Technical staff monitoring electrical load within the facility by touring the facility at regular intervals.
- AC and lighting are operated within office hours and the use is regulated after office hours and holidays.
- Heat Ventilation Air Conditioner STL (Thermal Storage Plant) used to reduce the load during peak hours.
- Thermo conductive oil is used for all domestic air-conditioning units to minimize the power/cost.
- Air-conditioner system revamped to support non-working hours so as to eliminate the usage of Heat Ventilation Air Conditioner.
- The Company has currently taken an Energy Project for Hadapsar facility.
- The Company also received power factor credit, time of day credit and prompt discount during the year.

**B) TECHNOLOGY ABSORPTION:**

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

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

	(Rs. In Lakhs)
(i) Foreign exchange earned	114,350
(ii) Foreign exchange used	86,011

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

## ANNEXURE - 7

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule  
12(1) of the

Company (Management &amp; Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

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

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and description of main products / services	NIC code of the Product/service	%to total turnover of the company
1	Manufacture of electronic systems and components	26	56
2	Repair and maintenance	33	32
3	Trading of machinery, equipment and supplies	46	12

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

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Honeywell Asia Pacific Inc. 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States	Foreign Company	Holding	75%	Sections 2(46) and 2(87)

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year April 1, 2016				No. of Shares held at the end of the year March 31, 2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	<b>A. Promoters</b>									
(1)	<b>Indian</b>									
(a)	Individuals/Hindu Undivided Family	-	-	-	-	-	-	-	-	
(b)	Central Government/State Governments(s)	-	-	-	-	-	-	-	-	
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	
(e)	Any Other (Specify)	-	-	-	-	-	-	-	-	
	<b>Sub-Total (A) (1)</b>	-	-	-	-	-	-	-	-	
(2)	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	
(b)	Bodies Corporate	6,631,142	-	6,631,142	75.00	6,631,142	-	6,631,142	75.00	
(c)	Institutions	-	-	-	-	-	-	-	-	
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	
	<b>Sub-Total (A) (2)</b>	<b>6,631,142</b>	<b>-</b>	<b>6,631,142</b>	<b>75.00</b>	<b>6,631,142</b>	<b>-</b>	<b>6,631,142</b>	<b>75.00</b>	
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>6,631,142</b>	<b>-</b>	<b>6,631,142</b>	<b>75.00</b>	<b>6,631,142</b>	<b>-</b>	<b>6,631,142</b>	<b>75.00</b>	
	<b>(B) Public Shareholding</b>									
(1)	<b>Institutions</b>									
(a)	Mutual Funds/UTI	1,338,237	100	1,338,337	15.14	1,354,080	100	1,354,180	15.32	
(b)	Financial Institutions/Banks	725	-	725	0.01	939	-	939	0.01	
(c)	Central Government/State Governments(s)	285	-	285	-	285	-	285	-	
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	
(e)	Insurance Companies	2,060	-	2,060	0.02	1,104	-	1,104	0.01	
(f)	Foreign Institutional Investors	662	-	662	0.01	0	-	0	-0.01	
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	
(i)	Foreign Portfolio Investors (Corporate)	23,288	-	23,288	0.26	24,052	-	24,052	0.27	
(j)	Any Other (specify)	-	-	-	-	-	-	-	-	
	<b>Sub-Total (B) (1)</b>	<b>1,365,257</b>	<b>100</b>	<b>1,365,357</b>	<b>15.44</b>	<b>1,380,460</b>	<b>100</b>	<b>1,380,560</b>	<b>15.61</b>	
(2)	<b>Non-Institutions</b>									
(a)	Bodies Corporate	92,567	605	93,172	1.05	65,336	605	65,941	0.75	
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	595,138	116,795	711,933	8.05	595,506	110,726	706,232	7.99	
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	38,870	-	38,870	0.44	56,749	0	56,749	0.64	
(c)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	
(d)	Any Other									
(i)	Trust	1049	-	1049	0.01	899	0	899	0.01	
(ii)	Directors & their relatives	-	-	-	-	-	-	-	-	
	<b>Sub-total (B) (2)</b>	<b>727,624</b>	<b>117,400</b>	<b>845,024</b>	<b>9.56</b>	<b>718,490</b>	<b>111,331</b>	<b>829,821</b>	<b>9.39</b>	
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2,092,881</b>	<b>117,500</b>	<b>2,210,381</b>	<b>25.00</b>	<b>2,098,950</b>	<b>111,431</b>	<b>2,210,381</b>	<b>25.00</b>	
	<b>TOTAL (A)+(B)</b>	<b>8,724,023</b>	<b>117,500</b>	<b>8,841,523</b>	<b>100.00</b>	<b>8,730,092</b>	<b>111,431</b>	<b>8,841,523</b>	<b>100.00</b>	
(C)	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	
(2)	Public	-	-	-	-	-	-	-	-	
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8,724,023</b>	<b>117,500</b>	<b>8,841,523</b>	<b>100.00</b>	<b>8,730,092</b>	<b>111,431</b>	<b>8,841,523</b>	<b>100.00</b>	

## (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2016			Shareholding at the end of the year March 31, 2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Honeywell Asia Pacific Inc	6631142	75.00	-	6631142	75.00	-	-

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

There was no change in the Promoter's shareholding during the Financial Year 2016-17.

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No	Name of the ShareHolder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1	Reliance Capital Trustee Company Limited A/C	718,829	8.13			-	-	718,829	8.13
				29.04.2016	Sale	-99000	-1.12	619,829	7.01
				29.04.2016	Purchase	99,000	1.12	718,829	8.13
				20.05.2016	Sale	-215	0.00	718,614	8.13
				24.06.2016	Sale	-282	0.00	718,332	8.12
				18.11.2016	Purchase	215	0.00	718,547	8.13
				10.02.2017	Sale	-174	0.00	718,373	8.12
				10.03.2017	Sale	-289	0.00	718,084	8.12
				17.03.2017	Sale	-5,021	-0.06	713,063	8.06
				24.03.2017	Sale	-338	0.00	712,725	8.06
				31.03.2017	Sale	-1,044	-0.01	711,681	8.05
	<b>Sale</b>	-	-	<b>711,681</b>	<b>8.05</b>				
2	Birla Sun Life Trustee Company Private Limited A/C	388,314	4.39			-	-	388,314	4.39
				08.04.2016	Purchase	648	0.01	388,962	4.39
				15.04.2016	Purchase	403	0.00	389,365	4.40
				22.04.2016	Purchase	360	0.00	389,725	4.41
				29.04.2016	Purchase	1088	0.01	390,813	4.42
				06.05.2016	Purchase	189	0.00	391,002	4.42
				13.05.2016	Purchase	392	0.00	391,394	4.43
				20.05.2016	Purchase	297	0.00	391,691	4.43
				27.05.2016	Purchase	513	0.01	392,204	4.44
				03.06.2016	Purchase	648	0.01	392,852	4.44
				10.06.2016	Purchase	756	0.01	393,608	4.45
17.06.2016	Purchase	837	0.01	394,445	4.46				

Sl.No	Name of the ShareHolder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				24.06.2016	Purchase	825	0.01	395,270	4.47
				30.06.2016	Purchase	868	0.01	396,138	4.48
				01.07.2016	Purchase	243	0.00	396,381	4.48
				08.07.2016	Sale	-222	0.00	396,159	4.48
				08.07.2016	Purchase	585	0.01	396,744	4.49
				15.07.2016	Purchase	1,283	0.01	398,027	4.50
				22.07.2016	Purchase	837	0.01	398,864	4.51
				29.07.2016	Purchase	702	0.01	399,566	4.52
				03.08.2016	Purchase	468	0.01	400,034	4.52
				05.08.2016	Purchase	324	0.00	400,358	4.53
				10.08.2016	Purchase	414	0.00	400,772	4.53
				12.08.2016	Purchase	216	0.00	400,988	4.54
				19.08.2016	Purchase	450	0.01	401,438	4.54
				26.08.2016	Sale	-53	0.00	401,385	4.54
				26.08.2016	Purchase	594	0.01	401,979	4.55
				02.09.2016	Purchase	367	0.00	402,346	4.55
				09.09.2016	Purchase	360	0.00	402,706	4.55
				16.09.2016	Purchase	234	0.00	402,940	4.56
				23.09.2016	Sale	-45	0.00	402,895	4.56
				23.09.2016	Purchase	522	0.01	403,417	4.56
				30.09.2016	Purchase	324	0.00	403,741	4.57
				07.10.2016	Purchase	423	0.00	404,164	4.57
				14.10.2016	Sale	-111	0.00	404,053	4.57
				14.10.2016	Purchase	108	0.00	404,161	4.57
				21.10.2016	Sale	-29	0.00	404,132	4.57
				21.10.2016	Purchase	239	0.00	404,371	4.57
				28.10.2016	Purchase	495	0.01	404,866	4.58
				04.11.2016	Purchase	189	0.00	405,055	4.58
				11.11.2016	Purchase	405	0.00	405,460	4.59
				18.11.2016	Purchase	414	0.00	405,874	4.59
				25.11.2016	Purchase	495	0.01	406,369	4.60
				02.12.2016	Purchase	495	0.01	406,864	4.60
				09.12.2016	Purchase	711	0.01	407,575	4.61
				16.12.2016	Purchase	729	0.01	408,304	4.62
				23.12.2016	Purchase	810	0.01	409,114	4.63
				31.12.2016	Purchase	891	0.01	410,005	4.64
				06.01.2017	Purchase	1,305	0.01	411,310	4.65
				13.01.2017	Purchase	901	0.01	412,211	4.66
				20.01.2017	Purchase	1,093	0.01	413,304	4.67
				27.01.2017	Purchase	655	0.01	413,959	4.68
				03.02.2017	Purchase	1,119	0.01	415,078	4.69
				10.02.2017	Purchase	349	0.00	415,427	4.70
				17.02.2017	Purchase	546	0.01	415,973	4.70
				24.02.2017	Purchase	711	0.01	416,684	4.71

Sl.No	Name of the ShareHolder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cummlative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				03.03.2017	Sale	-102	0.00	416,582	4.71
				03.03.2017	Purchase	657	0.01	417,239	4.72
				10.03.2017	Purchase	635	0.01	417,874	4.73
				17.03.2017	Purchase	954	0.01	418,828	4.74
				24.03.2017	Sale	-9,040	-0.10	409,788	4.63
				24.03.2017	Purchase	9,715	0.11	419,503	4.74
				31.03.2017	Purchase	1,872	0.02	421,375	4.77
				<b>31.03.2017</b>	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>421,375</b>	<b>4.77</b>
3	Sundaram Mutual Fund A/C	158,974	1.80	08.04.2016	Sale	-71	0.00	158,974	1.80
				15.04.2016	Sale	-148	0.00	158,903	1.80
				22.04.2016	Sale	-900	-0.01	158,755	1.80
				29.04.2016	Sale	-651	-0.01	157,855	1.79
				06.05.2016	Sale	-17	0.00	157,204	1.78
				13.05.2016	Sale	-208	0.00	157,187	1.78
				20.05.2016	Sale	-2,349	-0.03	156,979	1.78
				29.07.2016	Sale	-239	0.00	154,630	1.75
				03.08.2016	Sale	-799	-0.01	154,391	1.75
				05.08.2016	Sale	-134	0.00	153,592	1.74
				02.09.2016	Sale	-84	0.00	153,458	1.74
				09.09.2016	Sale	-84	0.00	153,374	1.73
				09.09.2016	Sale	-251	0.00	153,123	1.72
				23.09.2016	Sale	-945	-0.01	152,178	1.72
				30.09.2016	Sale	-114	0.00	152,064	1.72
				14.10.2016	Sale	-107	0.00	151,957	1.72
				21.10.2016	Sale	-338	0.00	151,619	1.71
				28.10.2016	Sale	-224	0.00	151,195	1.71
				04.11.2016	Sale	-375	0.00	151,395	1.71
				25.11.2016	Sale	-56	0.00	151,020	1.71
				16.12.2016	Sale	-56	0.00	150,964	1.71
				16.12.2016	Sale	-198	0.00	150,766	1.71
				23.12.2016	Sale	-559	0.01	150,207	1.70
				27.01.2017	Sale	-38	0.00	150,169	1.70
				10.02.2017	Sale	-556	-0.01	149,613	1.69
				17.02.2017	Sale	-131	0.00	149,482	1.69
				24.02.2017	Sale	-102	0.00	149,380	1.69
				17.03.2017	Sale	-30	0.00	149,350	1.69
				<b>31.03.2017</b>	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>149,350</b>	<b>1.69</b>
4	Aadi Financial Advisors Llp	53,637	0.61	10.06.2016	Sale	-17,879	-0.20	53,637	0.61
				<b>31.03.2017</b>	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>35,758</b>	<b>0.40</b>

Sl.No	Name of the ShareHolder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Purchase of Shares/Decrease in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
5	Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities	33,858	0.38	22.04.2016	Purchase	1,179	0.01	33,858	0.38
				20.05.2016	Sale	-746	-0.01	35,037	0.40
				03.08.2016	Sale	-150	0.00	34,291	0.39
				05.08.2016	Sale	-276	0.00	34,141	0.39
				19.08.2016	Sale	-123	0.00	33,865	0.38
				28.10.2016	Sale	-8,200	-0.09	33,742	0.38
				28.10.2016	Purchase	8200	0.09	25,542	0.29
				10.02.2017	Sale	-1000	-0.01	33,742	0.38
				17.02.2017	Sale	-200	0.00	32,742	0.37
				31.03.2017	At the end of the year	-	-	32,542	0.37
6	Uti-Mnc Fund	30,600	0.35		No Change	-	-	30,600	0.35
				31.03.2017	At the end of the year	-	-	30,600	0.35
						-	-	13,000	0.15
7	Vallabh Bhanshali	0	0.00	17.06.16	Purchase	17,879	0.20	0	0.00
				31.03.2017	At the end of the year	-	-	17,879	0.20
8	Anmol Sekhri	16,776	0.19		No change	-	-	16,776	0.19
				31.03.2017	At the end of the year	-	-	16,776	0.19
9	The Emerging Markets Small Cap Series of The Dfa Investment Trust Company	13,522	0.15		No change	-	-	13,522	0.15
				31.03.2017	At the end of the year	-	-	13,522	0.15
10	Delna Russi Rastomjee	13,000	0.15		No change	-	-	13,000	0.15
				31.03.2017	At the end of the year	-	-	13,000	0.15
11	Govindlal M Parikh	10,750	0.12		No change	-	-	10,750	0.12
				31.03.2017	At the end of the year	-	-	10,750	0.12

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

Mr. Ashish Gaikwad who was appointed as the Managing Director w.e.f. October 1, 2016 held 200 equity shares as on that date and 200 equity shares as on March 31, 2017. There was no purchase or sale of equity shares by Mr. Ashish Gaikwad during the said period. Other than Mr. Ashish Gaikwad, none of the Directors and Key Managerial Personnel of the company hold equity shares of the company in the financial Year 2016-17.

**V. INDEBTEDNESS**

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

(Rupees in lakhs)

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

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Rupees in lakhs)

S No.	Particulars of Remuneration	Mr. Vikas Chadha Managing Director (upto July 31, 2016)	Mr. Ashish Gaikwad Managing Director (effective October 1, 2016)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	60.90	117.73	178.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	-	0.32
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option*	40.64	1.12	41.76
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others (Allowances and Provident Fund)	2.27	24.52	26.79
	Total (A)	104.13	143.37	247.50
	Ceiling as per the Act	1536.55 (Being 5% of Net Profits computed in accordance with Section 198 of the Companies Act, 2013)		

\* Stock Option includes Restricted Stock Units and Stock Options granted by Ultimate Holding Company, Honeywell International Inc. U.S.A.

## B. Remuneration to other Directors

(Rupees in lakhs)

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	<b>Independent Directors</b>	<b>Mr. Suresh Senapaty</b>	<b>Mr. N. Srinath</b>	
	Fee for attending board / committee meetings	3.60	3.60	7.20
	Commission	20.00	18.00	38.00
	Others, please specify	-	-	-
	Total (1)	23.60	21.60	45.20
2	Other Non-Executive Directors (Ms. Nisha Gupta, Mr. Anant Maheshwari upto August 10, 2016, Mr. Vikas Chadha, w.e.f. August 11, 2016, Mr. Norman Gilsdorf upto November 9, 2016 and Ms. Tina Pierce w.e.f. February 6, 2017)			
	Fee for attending board / committee meetings	Nil	Nil	Nil
	Commission			
	Others, please specify			
	Total (2)	Nil	Nil	Nil
	Total (B) = (1+2)	23.60	21.60	45.20
	Total Managerial Remuneration (A+B)	292.70		
	Overall Ceiling as per the Act	3,380.38 (Being 11% of Net Profits computed in accordance with Section 198 of the Companies Act, 2013)		

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rupees in lakhs)

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Mr. Anurag Bhagania (upto June 26, 2016)	Mr. R. Ravichandran (from June 27, 2016)	Ms. Sangeet Hunjan (upto November 24, 2016)	
	Designation	CFO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20.14	93.97	11.18	125.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option*	-	8.53	-	8.53
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others (Allowances & Provident Fund)	1.12	4.80	0.53	6.45
	Total	21.26	107.30	11.71	140.27

\* Stock Option includes Restricted Stock Units and Stock Options granted by Ultimate Holding Company, Honeywell International Inc. U.S.A.

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

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

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

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

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

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

**Objective**

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

**Financial and Other Parameters**

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

Internal Factors:

The internal factors including but not limited to –

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

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

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

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

**Current Policy**

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

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

**Procedure**

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

### **Retained Earnings**

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

### **Review of Policy**

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

### **Disclaimer**

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

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

## Annexure- 9

Information as required under the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

Sr. No.	Name	Designation	Educational Qualification	Age (in years)	Experience (in years)	Date of Joining	Gross Remuneration (Rs. in Lakhs)	Previous Employment
1	Mr. Ashish Gaikwad *	Managing Director (w.e.f. October 1, 2016)	B.E.	48	27	1-Oct-16	143.37	CMC Limited
2	Mr. Ashish Modi	Head - Services, Process Solutions	MBA, B.E.	37	12	23-Feb-11	126.04	McKinsey & Company
3	Mr. Aseem Joshi	Head - Building Solutions	MBA; M.S.; B.E.	40	18	7-Apr-14	109.37	Eaton Technologies Pvt. Ltd.
4	Mr. R. Ravichandran	Chief Financial Officer	ICWA, B.Com.	51	28	27-Jun-16	107.30	United Technologies Corporation India Pvt. Ltd.
5	Mr. Vikas Chadha *	Managing Director (upto July 31, 2016)	B.E., MBA	46	23	01-Oct-12	104.13	McKinsey & Company
6	Mr. Anand Vishnubhotla	Product Head, Process Solutions	M.Sc., B.Tech.	42	20	28-Jun-10	89.97	Matrikon Industrial Solutions India Pvt. Ltd.
7	Mr. Kapil Vardhan	Head - Human Resources	MPM, B.A.	41	18	15-Sep-15	82.80	Petrofac - Integrated Energy Services
8	Mr. K. L. Shashikant	Commercial Head - Environmental & Energy Solutions	B.E.	48	24	31-Jan-02	81.80	Novar India Limited
9	M. Vivek Bhatia	Head - Project Execution, Process Solutions	B.E.	47	26	17-Jul-95	80.90	Hindalco Industries Limited
10	Mr. Anant Kelkar	Head - Global Services	B.E.	56	34	25-Feb-94	80.36	Instrumentation Limited
11	Mr. Rajarshi Datta	Sales Head, Process Solutions	Executive MBA; B.Tech.; B.Sc.	44	21	12-Feb-01	80.19	ISS Integrated Facility Services Pvt. Ltd.

**Notes:**

- The above disclosure has been made in line with the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 notified on June 30, 2016.
  - Remuneration comprises of salary, allowances, performance based payments, leave encashment, taxable value of perquisites, long term incentives including stock option & restricted stock units and Company's contribution to PF. It does not include actuarial valuation of gratuity.
  - None of the above employees is a relative of any director of the Company.
  - All the persons are/were full-time employees of the Company. The employment is subject to Rules & Regulations of the Company in force from time to time.
  - None of the employees hold two percent or more of the paid up equity share capital of the Company.
- \* Mr. Ashish Gaikwad and Mr. Vikas Chadha are/were employees for part of the financial year.

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

Suresh Senapaty  
Chairman

Gurugram, May 25, 2017

**PERFORMANCE OF KEY FINANCIAL INDICATORS AND HIGHLIGHTS OF 2016-17**

	Year ended March 31, 2017	Year ended March 31, 2016	Variation
Revenue from Operations (Rs. In Crores)	2,445	2,222	Up 10%
Profit before Tax (%)	12.6%	10.2%	Up 240 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 2016-17, the government has initiated several key reforms including Demonetisation and Goods and Services Tax (GST) (implementation from 1st July, 2017) which have had a mixed impact on the Indian economy. The sudden nature of the announcement, and the prolonged cash shortages in the weeks that followed, created significant disruption leading to a moderate dip in the GDP figures. However, the country has bounced back and is expected to achieve about 7.4%<sup>#</sup> growth in the year 2017-18. GST implementation will have a far-reaching impact on profitability and pricing, and sourcing and distribution. In the short term, the transition to GST is expected to cause some business disruption.

The Finance Minister presented the Union Budget 2017, proposing revised income tax limits for individual assesses, higher spending in the infrastructure sector, and measures to push India towards a digital economy. The government continues to lead investments in infrastructure with planned investments of over \$59B\* over the next two years. While growth has improved, investment activity across sectors, particularly in oil and gas and industrial sectors continued to remain muted. Bank lending activity to the corporate sector has not increased significantly.

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

- Investments in the power sector provide an opportunity for Company's Process Solutions business, however the slow pace of capital investments continued in most other areas that Process Solutions operates in.
- Infrastructure investment by government in 100 Smart Cities and other public sector projects continues to be the key growth driver for Company's Building Solutions business. The commercial sector however continues to show signs of cautious growth.
- Real estate has been significantly impacted by demonetisation in FY 2016-17 and the downtrend is expected to continue for FY 2017-18 too. Inventory in the residential sector continues to be high and demand is expected to pick up only in FY 2019. These trends have impacted your Company's Environmental and Energy Solutions (E&ES) business.
- Manufacturing activity in the core industrial sector is a critical driver for your Company's Sensing and IOT business. While activity in this sector has remained muted for 2016, it remains to be seen whether several positive drivers including the Make in India initiative will help drive a 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 that produce, as well as process oil (North America and Middle East). The growth in these geographies has been moderate which impacts your Company's operations. However, your Company has also benefitted from large Oil and Power Green Field project investments in those countries.

Source: # RBI Press Release dated February 8, 2017; \* Bloomberg: Article dated February 1, 2017

**Operations:**

- Process Solutions wide portfolio of industrial automation products and solutions helps customers operate safe, reliable, efficient, sustainable, and more profitable facilities. It's offerings include distributed control systems (DCS), transmitters, programmable logic controllers, emergency shutdown systems (ESD), quality controls systems (QCS), process and business performance improvement software solutions, and various value-added services. The business has won several prestigious projects last year despite market headwinds.

Thermal Solutions business offers heating and burner management solutions to a wide set of industries such as metals, auto, glass, ceramics, textiles, food and others. We see a good potential in growing this business in the years to come.

Process Solutions will need to stay focused on its core strategies to prevail over the economic environment, slow recovery in industrial production growth, and continued competitive pressures in the market. Greenfield opportunities, particularly in the refining sector, are fewer due to uncertainty of investments in oil and natural gas, petrochemicals, and fertilizers. Given the diversity of products and solutions, your Company will strive to sustain its performance. As India moves to build smart cities; a gas based economy; and a digital infrastructure for the future – the Process Solutions is likely to witness positive reasonable trends to service its automation needs.

- Building Solutions business provides automation and control technologies that help make buildings green, safe, and productive. As part of its intelligent buildings suite, it provides building management systems, Heating Ventilation & Air Conditioning, 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 based on Honeywell's Enterprise Buildings Integrator™. As part of its operational efficiency promise, it provides aftermarket services for all control systems as well as comprehensive utilities' operations and maintenance services for all mechanical and electrical systems in buildings. Building Solutions also provides energy management services, demand response solutions, energy retrofits, and energy performance contracts.

This business continued to demonstrate strong results through the year. Its track record in infrastructure, transportation, information technology, data centers, pharmaceutical, and commercial space verticals helped expand its presence in government, telecommunication, and healthcare verticals in 2016. The business also successfully delivered city surveillance solutions to 11 cities in Madhya Pradesh.

- Environmental and Energy Solutions has a varied business portfolio comprising of commercial, residential and air & water verticals. Under the commercial vertical, lines of businesses include building control systems. Under the air & water vertical, the portfolio consists of field devices such as valves. Its' residential vertical includes solar water heaters, thermostats and residential combustion.

The year 2016-17 was a critical year for Environmental and Energy Solutions as the business witnessed sales and profit growth, despite moderate residential and commercial new launches and a sluggish market. It undertook process improvement initiatives as well as an organisation realignment to ensure that the company continues to focus on the customer as the utmost priority.

A strong product portfolio coupled with extensive value chain mapping and key account management helped field devices and thermostats drive growth. New product launches in building management systems and reputation with contractors helped sustain performance as well.

Commercial excellence levers such as sales deployment, on-boarding, channel excellence and pipeline management will ensure that your Company continues to grow via its existing product portfolio. Exciting new initiatives such as Connected Buildings and upcoming new product launches will help your Company grow in a new and evolving customer market.

- Market demand in construction equipment and defense verticals and new opportunity wins helped Sensing & IOT business to grow strongly for the year. Packaged products portfolio performed well in 2016-17, along with revenue upside for limit switches and construction equipment shifters. The electronic sensing and test and measurement lines of business also grew based on strong demand for sensors. Your Company remained focused on identifying and winning new business opportunities. In 2016-17, it secured significant program wins from key customers in transportation as well as industrial market verticals.

Your Company plans to expand the coverage of industrial customers with additional portfolio such as gas sensing and OEM scan engines for this year. A dedicated channel management team deployed earlier is helping grow your channel business, and allowing your direct sales team to focus on key account management. Your Company will continue to remain focused on market verticals such as industrial, transportation, military, aerospace, and medical equipment.

- Global Services provide project engineering services, product design solutions, software engineering services, to several global Honeywell entities. It drives productivity, cost competitiveness, and customer satisfaction, delivering project engineering services to global Honeywell customers. The Operating System continues to be the backbone for Global Services helping drive lean operations and efficiencies.

Through the Domestic for Export initiative, the Company is also engaged in providing end-to-end project execution and delivery to global customers. This includes complete project management, systems design, engineering, sourcing, manufacturing and testing done from and in India at Company's facilities in Pune.

- The new global manufacturing facility at Fulgaon, Pune will complete three years of operations in August 2017. The factory has begun construction of phase two on the adjacent plot where the Customer Integration Center (CIC) and warehouse will be housed.

### **LEADERSHIP AND TALENT:**

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

Your Company continues to invest in a multi-tiered framework to build leadership capability. This includes the India Leadership Connect (ILC) focused on development of top talent for senior leadership roles, the LSW (Leadership Standard Work) workshop to build frontline managerial capability, the Honeywell Leadership Forum (HLF) focused on building self-awareness and networking among senior leaders in Honeywell India, and the Supervisory Development program (SDP) to develop supervisory skills and capability. In addition, this year your company started investing in a sales capability framework to enhance capabilities of our frontline sales employees which includes classroom and online learning modules, slated to play a key role in enhancing productivity of our sales force. Your Company continues to work towards building systemic enablers to encourage diversity in the organisation.

As on March 31, 2017, the company's employee strength was 2931 as compared to 2930 as on March 31, 2016.

### **FINANCIALS**

Overall Revenue from operations was Rs. 2,445 Crore (Net of excise Rs. 2,410 Crore), registering growth of 10%. This growth was achieved despite competitive challenges on pricing. The domestic segment registered revenue of Rs. 1,397 Crore for the current year as compared to Rs. 1,451 Crore in the previous year. The exports revenue was Rs. 1,048 Crore, registering a growth of 36% as against the previous period mix.

Overall profit after tax was Rs. 169 Crore. Your Company delivered a return of 6.9% on sales for the year (Previous year: 6.4%).

- Your Company continued to focus on workforce productivity delivering 10% topline annualized growth with negligible increase in headcount.

The cash flow from operations at Rs. 215 Crore, (previous year Rs. 166 Crore), reflecting higher profitability and better working capital management. Your Company will continue to focus on working capital performance and positive operating cash flows.

The Related Party Transactions entered for the financial year March 31, 2017 are in compliance with Section 188 of the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **RISKS AND CONCERNS**

Your Company generates a significant percentage of its sales and profits from its business with Honeywell International Inc. and its affiliates. Sales to Honeywell accounted for approximately 39% 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. Honeywell-specific business considerations (independent of its shareholdings in the Company), including changes in Honeywell's strategies regarding utilisation of alternative opportunities available to it to source products and services currently provided by your Company (including from alternative sources 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 with various products, industries, and geographies, major macroeconomic indicators are soft around investments in the process and construction industries. 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 and that the Company has on account of imports as well as exports. Risks associated with the upcoming GST implementation are also likely to have a short term impact on revenues.

## **INTERNAL CONTROL**

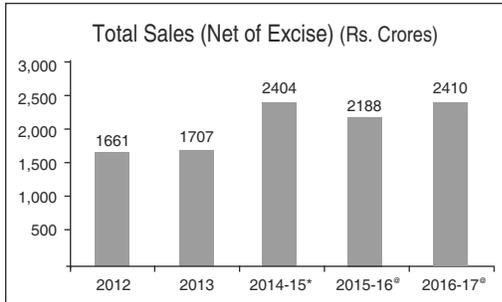
Your Company conducts its business with integrity and high standards of ethical behavior, and in compliance with the laws and regulations that govern it and its business. Your Company has a well-established framework of internal controls in place, supported by policies, guidelines and procedures, including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

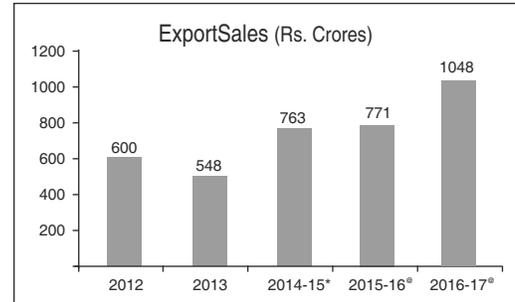
Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. Your Company also has a robust Integrity and Compliance programme where all Company employees undergo communications and trainings on the Code of Conduct. It enables employees to become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

## **SUMMARY**

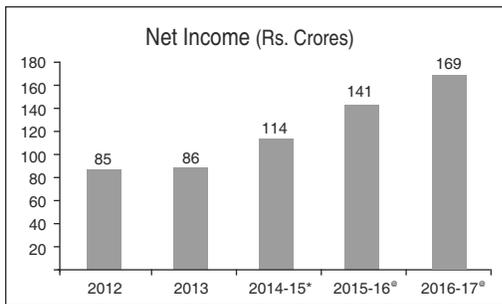
The mix of exports revenue increased as compared to the previous period mix. Overall revenue registered annualized growth of 10%. Net Income was 6.9% of Sales as compared to 6.4% in previous period. Increased competitive environment in both domestic and exports segments continues to be a challenge, which is being addressed through concentrated efforts on operational excellence, driving productivity, and aggressive cost rationalisation. Your Company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.



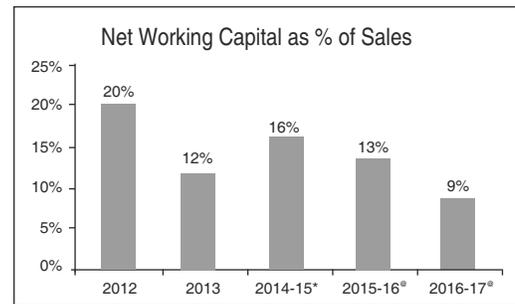
10% annualized sales growth delivered.



Exports sales were 43% of total sales, increased as compared to 35% in the previous year.



Net income was 6.9% of sales, as compared to 6.4% in the previous year.



Net working capital as % of sales witnessed reduction registering 9% in the year as compared to 13% in the previous year.

\* (2014-15, represents a 15-month period); other years represent a 12-month period  
 @ Years 2015-16 and 2016-17 are restated under IND AS.

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

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

The Company is in compliance with the corporate governance requirements stipulated in The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations')

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

Presently, the Board comprises of two Independent Directors, a Managing Director, and three Directors nominated by the Promoters, Honeywell International Inc., out of whom one is a Woman Director. The Company has an Independent Non-Executive Chairman, and one-third of the total number of Directors are Independent Directors. This is in conformity with the requirement of Regulation 17 of the Listing Regulations.

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

Mr. N. Srinath's appointment as Independent Director is for the period from December 15, 2014 to December 14, 2019. Mr. Suresh Senapaty's appointment as Independent Director is for the period from March 8, 2016 to March 7, 2021.

The Independent Directors have given a certificate of Independence to the Board of Directors. Pursuant to the above certificate, all the Independent Directors satisfy the criteria as defined under the Companies Act, 2013 ('the Act') and Listing Regulations. Their appointment letters have been uploaded on the Company's website.

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

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

Name	Category	No. of Board Meetings attended during 2016-2017	Attendance at the last AGM held on August 10, 2016	No. of Directorships in other public limited companies <sup>o</sup>	No. of Committee positions held in other public limited companies <sup>o</sup>	
					Chairman	Member
As on March 31, 2017						
Mr. Suresh Senapaty	Independent Non-Executive Chairman	4	Yes	2	1	1
Mr. N. Srinath	Independent Non-Executive	3*	Yes	5	Nil	1
Mr. Vikas Chadha <sup>1</sup>	Promoter Non-Independent Non-Executive	3	Yes	Nil	Nil	Nil
Mr. Norman Gilsdorf <sup>2</sup>	Promoter Non-Independent Non-Executive	1* <sup>o</sup>	Yes	N.A.	N.A.	N.A.
Mr. Anant Maheshwari <sup>3</sup>	Promoter Non-Independent Non-Executive	2	Yes	N.A.	N.A.	N.A.
Mr. Ashish Gaikwad Managing Director <sup>4</sup>	Promoter Non-Independent Executive	2	N.A.	Nil	Nil	Nil
Ms. Nisha Gupta	Promoter Non-Independent Non-Executive	4	Yes	Nil	Nil	Nil
Ms. Tina Pierce <sup>5</sup>	Promoter Non-Independent Non-Executive	1	N.A.	Nil	Nil	Nil

Notes :

- 1 Mr. Vikas Chadha resigned as Managing Director w.e.f. the close of business hours of July 31, 2016. Mr. Vikas Chadha was appointed as Director with effect from August 11, 2016; in casual vacancy caused by resignation of Mr. Anant Maheshwari.
- 2 Mr. Norman Gilsdorf resigned as Director w.e.f. the close of business hours of November 9, 2016.
- 3 Mr. Anant Maheshwari resigned as Director w.e.f. the close of business hours of August 10, 2016.

- 4 Mr. Ashish Gaikwad was appointed as Additional Director and Managing Director with effect from October 1, 2016 for the period of five years. His appointment as Director and Managing Director for the period of five years with effect from October 1, 2016 was further approved by shareholders by passing the necessary resolutions by Postal Ballot on December 9, 2016.
- 5 Ms. Tina Pierce was appointed as Director with effect from February 6, 2017; in the casual vacancy caused by resignation of Mr. Norman Gilsdorf.
- 6 As required by Regulation 26 of the Listing Regulations the disclosure includes membership/Chairpersonship in Audit Committee and Stakeholders' Relationship Committee in public limited companies. Directorship and Committee positions held in Honeywell Automation India Limited have been excluded.
- \* Leave of absence was granted for Board Meeting held on May 17, 2016
- @ Leave of absence was granted for Board Meeting held on November 9, 2016

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

### Meeting of the Board of Directors

The Board met four times during the financial year ended March 31, 2017 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

May 17, 2016                      August 10, 2016                      November 9, 2016                      February 6, 2017

In addition, one meeting of Independent Directors was held on February 6, 2017.

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

### Familiarisation Programme for Independent Directors

The Company has given training to Independent Directors so as to enable them gain deeper understanding of the Company - its operations, business, senior management, policies, industry perspective, etc. The Directors are updated on a continual basis on any significant changes. The details of familiarisation programmes imparted by the Company is available on the on the Company's website at the following link: <https://honeywell.com/country/in/Documents/HAIL/Familiarisation%20Program%20for%20Independent%20Directors%20%20honeywell.pdf>.

## 3. Audit Committee

### Terms of Reference

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

The terms of reference are briefly described below:-

- 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;
- recommendation for appointment, remuneration, and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;

- modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds 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;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- discussion with internal auditors of any significant findings and followup there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.

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

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters/letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Head –Internal Audit

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

Mr. Suresh Senapaty, the Chairman of the Audit Committee, was present at the last Annual General Meeting (AGM) held on August 10, 2016.

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

The Audit Committee presently consists of three Non-executive Directors, out of which two are Independent Directors. The members of the Committee have the relevant experience in the field of financial reporting and accounting. The Company Secretary acts as the Secretary to the Committee. Audit Committee meetings are attended by the Chief Financial Officer, the Company Secretary and Head –Legal. Head –Internal Audit and the

representative(s) of the Statutory Auditors are invited to the meetings.

The Audit Committee held four meetings during the financial year ended March 31, 2017 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

May 16, 2016      August 10, 2016      November 9, 2016      February 6, 2017

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year ended March 31, 2017 are as follows:

Name of Director	No. of Meetings Attended
Mr. Suresh Senapaty (Chairman, Independent Director)	4
Mr. N.Srinath (Independent Director)	4
Ms. Nisha Gupta (Non-executive Director)	4

#### 4. Nomination and Remuneration Committee

##### Terms of Reference

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

- formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
- devising a policy on diversity of Board of Directors;
- identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- assessing whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

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

Currently, the Nomination and Remuneration Committee consists of three Non-executive Directors, two being Independent Directors. The Chairman is a Non-executive and Independent Director (Regulation 19 of the Listing Regulations). The Nomination and Remuneration Committee held four meetings during the financial year ended March 31, 2017 on the following dates:

May 16, 2016      August 10, 2016      November 9, 2016      February 6, 2017

The composition of the Nomination and Remuneration Committee and the attendance of members at the meetings held during the year 2016-17 is as follows:

Name of Director	No. of Meetings Attended
Mr. N. Srinath (Chairman, Independent Director)	4
Mr. Suresh Senapaty (Independent Director)	4
Mr. Anant Maheshwari **	2
Mr. Vikas Chadha**	2

\*\* Mr. Vikas Chadha was appointed as Director (Non-Executive) in Casual Vacancy with effect from August 11, 2016; caused by resignation of Mr. Anant Maheshwari as Director of the Company w.e.f. August 10, 2016 (close of business hours).

The Committee met on February 6, 2017, to appraise and decide the commission and compensation payable to Mr. Ashish Gaikwad, Managing Director and other Key Managerial Personnel as defined under the Companies Act, 2013.

Mr. N. Srinath, the Chairman of the Nomination and Remuneration Committee was present at the last AGM of the Company held on August 10, 2016.

**Performance Evaluation**

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

During the year under review, Mr. Suresh Senapaty and Mr. N. Srinath, Independent Directors met on February 6, 2017 to discuss the evaluation of the Board, and the Non-Executive Directors. Further, all the Directors of the Board met to discuss the evaluation of the Committees. The discussions covered both strategic and operational aspects of the Board functioning, as well as the quality, content, and timeliness of the flow of information between the Management and the Board. Inputs from the meeting were shared with the Nomination and Remuneration Committee (Regulation 25 of the Listing Regulations). All ratings for the Board, Committees, and the Non-Executive Directors were favorable. The Board committed to devoting more time and attention to talent management, risk assessment and mitigation, and contributing to strategic direction to the company as areas to strengthen going forward.

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

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

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

The Independent Directors are paid a sitting fee of Rs. 30,000/- per meeting. The sitting fee is paid for each Board, Audit Committee, Nomination and Remuneration Committee meeting, and Corporate Social Responsibility Committee meetings attended by them. The sitting fees has been revised w.e.f. May 25, 2017 as under :

- Board meeting - Rs. 60,000/- per meeting
- Audit committee - Rs. 50,000/- per meeting
- Other committee - Rs. 40,000/- per meeting

The Directors nominated by Honeywell are not paid any sitting fees or commission.

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

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

None of the Non-executive Directors have any pecuniary relationship or transactions with the Company.

Although the Company does not have stock option scheme for its own shares, some of its employees, including the Managing Director, are granted stock options and restricted stock units of the Ultimate Holding Company' namely Honeywell International Inc.

The details of Remuneration paid to Directors for the year 2016-17 for attending Board Meetings and various Board constituted Committee Meetings are given below.

**Non-Executive Director:**

(Rupees in Lakhs)

Director	Sitting Fees	Commission	Shareholding (No. of shares)
Mr. Suresh Senapaty	3.60	20.00	NIL
Mr. N. Srinath	3.60	18.00	NIL
Mr. Anant Maheshwari (upto August 10, 2016)	N.A.	N.A.	NIL
Mr. Vikas Chadha (w.e.f. August 11, 2016)	N.A.	N.A.	NIL
Mr. Norman Gilsdorf (upto November 9, 2016)	N.A.	N.A.	NIL
Ms. Nisha Gupta	N.A.	N.A.	NIL
Ms. Tina Pierce (w.e.f. February 6, 2017)	N.A.	N.A.	NIL

**Managing Director:**

(Rupees in Lakhs)

Name	Salary, Perquisites & Allowances for the financial year 2016-17	Stock Options*	Total
Mr. Vikas Chadha(upto July31, 2016)	63.49	40.64	104.13
Mr. Ashish Gaikwad (w.e.f. October 1, 2016)	142.25	1.12	143.37

\* Stock Options include Restricted Stock Units and Stock Options granted by Ultimate Holding Company, Honeywell International Inc. U.S.A.

Period of Contract of Managing Director : 5 years from October 1, 2016

(Mr. Ashish Gaikwad)

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

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

**6. Stakeholders' Relationship Committee**

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

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Company Secretary; Chief Financial Officer and Head-Legal (w.e.f. November 9, 2016) to approve the share transfers/transmissions and accordingly, they severally approve the transfer/transmission of shares as and when required from time to time.

The Committee has two members Ms. Nisha Gupta, Non-executive Director as the Chairperson and Mr. Vikas Chadha, Non-Executive Director.

The Committee met on November 4, 2016 during the financial year ended March 31, 2017 and the meeting was attended by both the members.

On November 9, 2016, the Board of Directors at its meeting reconstituted the Committee and Mr. Ashish Gaikwad, Managing Director was appointed as a Member of the Stakeholders' Relationship Committee in place of Mr. Vikas Chadha.

Name, designation and address of Compliance Officer : Ms. Farah Irani (w.e.f. May 16, 2017)  
Company Secretary,  
56 & 57, Hadapsar Industrial Estate.  
Pune 411 013  
Phone: 020-6603-9800  
Fax no. 020-6607-2577  
Ms. Sangeet Hunjan (upto November 24, 2016)

Investor Complaints	Number
Number of shareholders' complaints received during year ended March 31, 2017	1
Number not solved to the satisfaction of shareholders	1
Number of pending complaints as on March 31, 2017	1*

\*The Company/Registrar and Share Transfer Agent (RTA) had replied to the complainant by filing the Action Taken Report on 29th March, 2017 with SEBI (SCORES). SEBI has disposed of the said case on 17th April, 2017.

## 7. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Act, a Corporate Social Responsibility (CSR) Committee of the Board has been constituted. The Committee has three members, Ms. Nisha Gupta as the Chairperson, Mr. N Srinath Independent Director and Mr. Vikas Chadha, Non-Executive Director.

The Committee met on November 9, 2016 during the financial year ended March 31, 2017 and the meeting was attended by all the members.

On November 9, 2016, the Board of Directors at its meeting reconstituted the CSR Committee and Mr. Ashish Gaikwad, Managing Director was appointed as a Member of the CSR committee in place of Mr. Vikas Chadha.

The Company has formulated a Policy for its CSR which may be viewed on the Company's website at the following link:

<https://honeywell.com/country/in/Documents/Policies/Corporate%20Social%20Responsibility%20Policy.pdf>

## 8. Enterprise Risk Management

The Company's Enterprise Risk Management processes ensures that the management controls risks through means of a properly defined framework. The risks areas reviewed periodically by the Managing Director and the Chief Financial Officer through an Enterprise Risk Management Framework and also annually by the Board of Directors.

The Company's risk management process ensures that the management effectively mitigate risks through a well-defined Enterprise Risk Management framework. Identification, assessment, and mitigation of risk is facilitated entity-wide, re-assessed periodically by the Risk Committee, and annually reviewed by the Board of Directors. We are exposed to a host of risks owing to a dynamic business environment, including cyber security, disruptive technology, project management, human capital development, business continuity, regulatory shifts, and compliance. The Enterprise Risk Management framework is an enabler for risk mitigation and is critical to achieving our business objectives.

## 9. Managing Director (MD) and Chief Financial Officer (CFO) certification

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

## 10. Disclosures

### Disclosures on materially significant related party transactions.

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

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

Details of all material transactions with related parties have been disclosed quarterly to the stock exchanges along with the compliance report on corporate governance and are disclosed in Note No. 30 to the Financial Statement in the Annual Report.

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

The Related party Transactions Policy is available on the website of the Company at the following link: [https://honeywell.com/country/in/Documents/Policies/Related%20Party\\_Transactions%20Policy.pdf](https://honeywell.com/country/in/Documents/Policies/Related%20Party_Transactions%20Policy.pdf).

### Statutory Compliance, Penalties, and Strictures

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

### Legal Compliance Reporting

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

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

### Whistle Blower Policy/Vigil Mechanism

The Company has adopted the Whistle Blower Policy / Vigil Mechanism where it has a mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Code of Conduct. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

The details of the policy are available on the website on the Company at the following link: [https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20\(Whistle%20Blower%20Policy\).pdf](https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20(Whistle%20Blower%20Policy).pdf)

### Code of Conduct

As required under Listing Regulations, the Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website at the following link : [https://honeywell.com/country/in/Documents/Policies/HONEYWELL\\_Spread\\_09212011.pdf](https://honeywell.com/country/in/Documents/Policies/HONEYWELL_Spread_09212011.pdf)

All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, for the financial year ended March 31, 2017.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, duly approved by the Board of Directors of the Company at their meeting held on May 25, 2015.

#### Reconciliation of share capital audit

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

### 11. General Body Meetings

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

For the year	Venue	Day & Date	Time
2015-2016	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune – 411013	Wednesday, August 10, 2016	3.00 p.m.
2014-2015		Tuesday, July 21, 2015	3.00 p.m.
2013		Wednesday, April 30, 2014	4.00 p.m.

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

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

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

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

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

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

**Procedure for postal ballot -** Not Applicable

### 12. Means of Communication

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

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

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

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

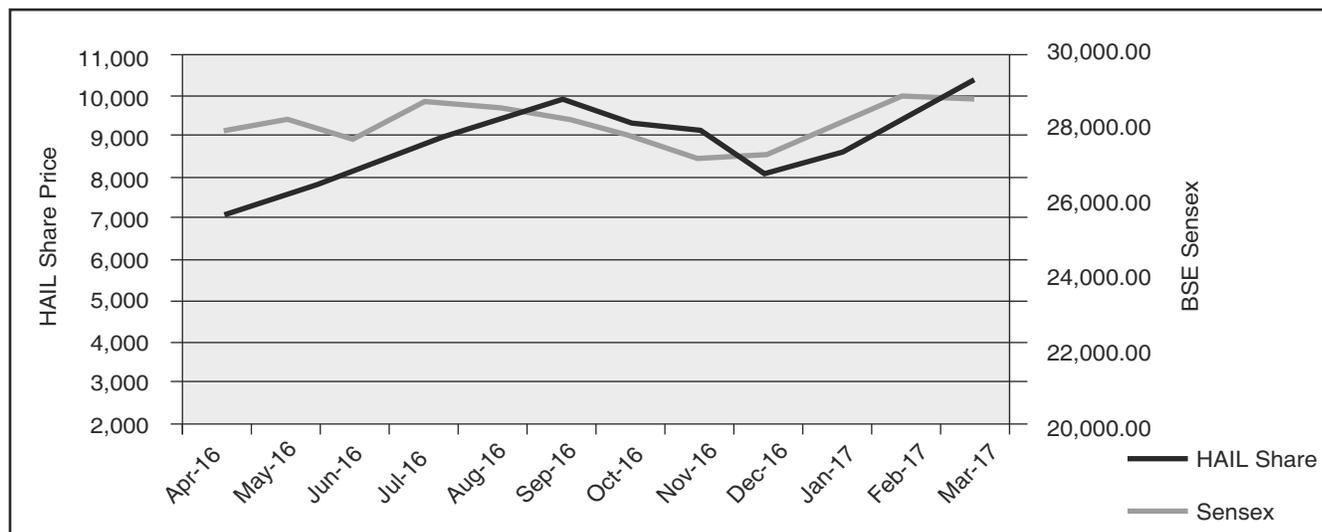
## 13. General Shareholder Information

Annual General Meeting (AGM) Date, Time and Venue	Wednesday, August 9, 2017 at 4.00 p.m. at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune - 411013
The profile of Directors seeking appointment / re-appointment at the ensuing AGM are given in the Annexure to the Notice of AGM.	
Financial year	Company's financial year is April – March
Record date	August 2, 2017
Dividend payment date	August 18, 2017
Listing on Stock Exchanges	The equity shares of the Company are currently listed with the following Stock Exchanges in India:  BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001  National Stock Exchange of India Limited (NSE) Bandra Kurla Complex, Mumbai 400 051
The Company has paid the annual listing fee to both the stock exchanges.	
Stock code (Equity)	NSE HONAUT BSE 517174 ISIN INE671A01010

## Market Price Data

Month	BSE		NSE	
	High	Low	High	Low
April 2016	9,750	8,482	9,715	8,460
May 2016	10,167	8,610	10,163	8,575
June 2016	9,593	8,335	9,630	8,840
July 2016	10,123	9,505	10,100	9,411
August 2016	10,015	9,516	10,093	9,630
September 2016	10,000	8,878	9,912	8,851
October 2016	9,400	8,700	9,340	8,735
November 2016	8,981	<b>8,021</b>	8,960	8,000
December 2016	8,995	8,251	9,100	8,255
January 2017	9,595	8,750	9,600	<b>7,578</b>
February 2017	<b>10,518</b>	9,331	<b>10,500</b>	9,116
March 2017	10,363	9,530	<b>10,500</b>	9,511

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



Registrar to an issue 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: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">http://www.tsrdarashaw.com</a>
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.

Distribution of Shareholding

Number of Ordinary Shares held	Number of Shares	
	31-03-2017 (%)	31-03-2016 (%)
1 to 500	6.34	6.50
501 to 1000	0.65	0.68
1001 to 2000	0.54	0.50
2001 to 3000	0.20	0.20
3001 to 4000	0.29	0.29
4001 to 5000	0.16	0.16
5001 to 10000	0.81	0.86
Over 10000	91.01	90.81
Total	100.00	100.00

## Categories of Shareholders as on March 31, 2017

Category	No. of shareholders	No. of shares held
Foreign Promoters	1	6,631,142
Non Resident Individuals	221	11,384
Foreign Institutional Investors	12	24,052
Banks	4	939
Other Insurance Company	1	1,104
Mutual Funds / UTI	27	1,354,180
Central Government / State Governments(s)	1	285
Domestic Companies	335	65,941
Resident Individuals	10,117	7,51,597
Trust & Charitable Institutions	8	899
	<b>10,727</b>	<b>8,841,523</b>

Dematerialisation of shares and liquidity	The Company has arrangements with NSDL as well as the CDSL for demat facility. 98.74 % of the Company's share capital is dematerialised as on March 31, 2017.
Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity;	As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the equity share capital of the Company.
Commodity price risk or foreign exchange risk and hedging activities;	Company is exposed to foreign exchange risk on account of import and export transactions which is monitored periodically. The Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.
Plant Locations	Honeywell Automation India Limited Gat # 181, Fulgaon Industrial Estate, Lonikand Tulapur Road, Pune, Maharashtra, India  Honeywell Automation India Limited Plot No. 101, Savli Industrial Estate, Village Alindra, Taluka Savli Vadodara - 391775, Gujarat, 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: <a href="https://honeywell.com/country/in/Pages/hail.aspx">https://honeywell.com/country/in/Pages/hail.aspx</a>
Corporate Identity Number	L29299PN1984PLC017951

**14. Compliance with Mandatory Requirements**

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

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

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

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

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

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

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**Declaration by the Managing Director under the Listing Regulations Regarding Compliance With Code Of Conduct**

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2017.

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

Place : Gurugram  
Date : May 25, 2017

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

To  
The Members of  
Honeywell Automation India Limited

Dear Sirs,

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

We have examined all relevant records of Honeywell Automation India Limited for the purpose of certifying compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2017. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2017.

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

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

Place : Pune  
Date : May 25, 2017

**BUSINESS RESPONSIBILITY REPORT**  
**For the Financial Year ended March 31, 2017**

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

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

1. Corporate Identity Number (CIN) of the Company	L29299PN1984PLC017951
2. Name of the Company	HONEYWELL AUTOMATION INDIA LIMITED
3. Registered address	56 & 57, Hadapsar Industrial Estate, Pune 411013
4. Website	<a href="https://honeywell.com/country/in/Pages/hail.aspx">https://honeywell.com/country/in/Pages/hail.aspx</a>
5. E-mail id	HAIL.InvestorServices@honeywell.com
6. Financial Year reported	April 1, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Automation Sector (the three principal business activities are): (i) Manufacture of electronic systems and components – NIC Code 26 (ii) Repair and maintenance – NIC Code 33 (iii) Trading of machinery, equipments and supplies – NIC Code 46
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	<ol style="list-style-type: none"> <li>1. Industrial software applications called Honeywell Connected Enterprise to leverage the power of software and IIoT for making plants and buildings safer, more efficient / cost-effective, reliable, and sustainable.</li> <li>2. Automation and control projects / solutions for fuel terminals / LNG terminals, process plants, commercial buildings, smart cities, gas and liquid pipelines for safer, reliable, and efficient operations.</li> <li>3. Lifecycle services and technology migration services, industrial cyber security services, and benefit Guardianship for our installed base of customers.</li> </ol>
9. Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	In India, the company operates from its registered office and factories in Pune, and branch offices in key cities, including Delhi, Chennai, Bangalore, Kolkata, Mumbai, Baroda, Jamshedpur, Ahmedabad and Gurugram. The company also has an office in Dubai.
10. Markets served by the Company – Local/State/ National/International	In addition to serving the domestic market, the company exports goods/services to global customers in the U.S., Europe, Asia Pacific, and other regions.

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

1. Paid up Capital (INR)	Rs. 884.17 Lakhs
2. Total Turnover (INR)	Rs. 244,472 Lakhs (Revenue from operations)
3. Total profit after taxes (INR)	Rs. 16,945 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Rs. 348 Lakhs as 2% of Profit after tax
5. List of activities in which expenditure in (4) above has been incurred	<p>In the review period, the company has contributed a sum of Rs. 348 Lakhs towards corporate social responsibility (CSR) commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:</p> <ul style="list-style-type: none"> <li>Rs. 47 Lakhs was contributed towards the Honeywell Science Experience program in partnership with Agastya International Foundation, a not-for-profit organization, that will deploy these funds over FY 2017-20.</li> <li>Rs. 117 Lakhs was contributed towards the Honeywell Safe Water Network initiative to be implemented by Safe Water Network over FY 2017-18.</li> <li>Rs. 175 Lakhs was contributed towards the Honeywell Safe Schools program, to be implemented by Sustainable Environment and Ecological Development Society (SEEDS), a not-for-profit organization, over FY 2017-20.</li> <li>Rs. 9 Lakh was the overhead expenditure incurred by the Company during FY 2016-17.</li> </ul>

**SECTION C: OTHER DETAILS**

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

**SECTION D: BR INFORMATION**

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

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

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

(b) Details of the BR Head

No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Kapil Vardhan
3	Designation	Head, Human Resources
4	Telephone number	+91 1244148410
5	e-mail id	Kapil.Vardhan@honeywell.com

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

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

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

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

5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The company has a CSR committee and an internal governance structure to ensure implementation of several policies through internal audit, risk management process, and monitoring of key indicators, in line with the established policies.
6	Indicate the link for the policy to be viewed online?	Mandatory policies viz., Code of Conduct policy - <a href="https://honeywell.com/country/in/Documents/Policies/HONEYWELL_Spread_09212011.pdf">https://honeywell.com/country/in/Documents/Policies/HONEYWELL_Spread_09212011.pdf</a> , Corporate Social Responsibility policy - <a href="https://honeywell.com/country/in/Documents/Policies/Corporate%20Social%20Responsibility%20Policy.pdf">https://honeywell.com/country/in/Documents/Policies/Corporate%20Social%20Responsibility%20Policy.pdf</a> , Whistle blower Policy - <a href="https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20(Whistle%20Blower%20Policy).pdf">https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20(Whistle%20Blower%20Policy).pdf</a> and Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment - <a href="https://honeywell.com/country/in/Documents/HAIL/Sustainable%20Opportunity%20Policy%20-%20Honeywell's%20Commitment%20to%20Health,%20Safety%20and%20the%20Environment.pdf">https://honeywell.com/country/in/Documents/HAIL/Sustainable%20Opportunity%20Policy%20-%20Honeywell's%20Commitment%20to%20Health,%20Safety%20and%20the%20Environment.pdf</a> are available on the company's website.
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies are communicated to internal stakeholders and are available on the company's internal network. If required, the policies are also shared with our external stakeholders and are published on the company's website.
8	Does the company have in-house structure to implement the policy/policies?	Yes. The company has an existing structure with defined roles and responsibilities, which periodically reviews the implementation of various policies via internal audits. It also evaluates key indicators at several management levels.
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. Every policy formulated by the company has an inbuilt grievance and redressal mechanism.
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Yes. The policies are evaluated periodically through internal audit.

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

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

**3. Governance related to BR**

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

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

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

No.

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

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

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

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

There were 15 complaints received and 12 complaints have been satisfactorily resolved. The balance, three complaints are in the process of being reviewed.

The company has adopted the Whistle Blower Policy / Vigil Mechanism where it allows employees and stakeholders to report violation of the Code of Conduct, company policy, or any applicable law or regulation. The details of the policy are available here: [https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20\(Whistle%20Blower%20Policy\).pdf](https://honeywell.com/country/in/Documents/Policies/Vigil%20Mechanism%20(Whistle%20Blower%20Policy).pdf)

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

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

The company's mission is to build a smarter, safer, and more sustainable world. All our products and services are towards achieving the above objective.

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

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

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

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

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

As compared to the previous year, there was a total energy saving of 84,740 units at Fulgaon factory. In addition, the company is in the process of implementing the below initiatives:

- Installation of new chiller with pumping system for base load.
- Optimisation of the existing thermal storage for obtaining maximum “time of day” benefit by maintaining the specific gravity of brine solution.
- Installing LED for 2X2 feet and 2x18 watts down lighter.
- Use of Variable Frequency Drive (VFD) in Air Handling Unit (AHU) and Building Management System (BMS) to enable energy saving and operational efficiency.

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

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

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

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

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

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

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

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

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

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

1. **Please indicate the Total number of employees :** Total number of employees are 3269, of which 2931 are full-time employees as on March 31, 2017.
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 338
3. **Please indicate the Number of permanent women employees:** 417
4. **Please indicate the Number of permanent employees with disabilities:** 2
5. **Do you have an employee association that is recognized by management.** No
6. **What percentage of your permanent employees is members of this recognized employee association?** N.A.
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

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

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**
  - (a) Permanent Employees: 24.4%
  - (b) Permanent Women Employees: 26.1%
  - (c) Casual/Temporary/Contractual Employees: 29%
  - (d) Employees with Disabilities: Nil

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

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

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

- Science and Math Education
- Housing and Shelter
- Sustainability
- Family Safety and Security
- Humanitarian Relief

Working within the government's CSR schedule and our own framework, the company has launched three programs. The Company has taken initiatives in specific areas of social development that includes education and

environment. For specific details, please refer to Report on Corporate Social Responsibility. The key initiatives are as under:

**Safe Kids Foundation: Safe Kids at Home** is a home safety program that focuses on burns and scald injuries among children under 14 in Pune. By 2018, the program will have taught 4,25,000 children (mostly in government schools) and 2,50,000 parents to be fire-safe. The program engages citizens and civic bodies to make Pune a model safe city. As on March 31, 2017, Safe Kids at Home has trained 1,88,663 children and 1,36,949 parents in Pune.

**Safe Water Network initiative:** Under the company's Safe Water Network initiative, Honeywell is setting up 100 safe water stations in rural Telangana, in regions that suffer groundwater contamination from fluorides. Safe water access reduces incidences of skeletal fluorosis, a debilitating condition that causes teeth mottling, stunting, bending of spine, and loss of productivity. By 2018, the program will have benefited 300,000 people in the region.

**Honeywell Science Experience - Agastya International Foundation:** The company's Science Experience program with Agastya International Foundation is a hands-on science education program for economically disadvantaged students and teachers. Upto financial year 2016-17, the program was extended to 48,870 students and 1,609 teachers across all centres and laboratories. As on March 31, 2017, Honeywell Science Experience had established 11 science centres, 10 mobile science labs, and 1,100 young instructor leaders or student mentors impacting 43,861 students and 417 teachers across these three cities.

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

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

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

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

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

NIL

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

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

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

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

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

Yes. The Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment guides the

organisation to continually mitigate the impact on climate change and global warming as a result of our operations. The company has specific targets to reduce the carbon footprint and monitors it on an ongoing basis. Detailed plan to achieve these targets focus on creating green infrastructure which are designed for better energy efficiency, drive green IT (IT enabled energy efficiency in data centers and distributed IT networks), efficient operations and green power purchase.

Water – We have three STP plants in our Hadapsar office and Fulgaon factory where in water is reused for gardening and per month the water used for gardening is up to 1,00,000 liters per day, which saves cost and supports environment.

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

Yes. Our organisation identifies and assesses all potential environmental risks. We have a strong and competent Health, Safety and Environment team that ensures compliance with regulations and promotes sustainable environment by minimising the environmental impact from our operations.

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

Yes. The factory has hazardous and non-hazardous waste segregation process in place. The hazardous waste is disposed by the Honeywell authorized vendors, all the required monitoring for environment contamination is done on time.

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

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

Yes, the company has taken initiative on energy savings at the Hadapsar facility. The objective is:

- To reduce the overall operating cost.
- To improve the overall efficiency of the Chiller plant.
- To use LED lighting to reduce the maintenance cost and save energy.
- To enable energy saving and drive operational efficiency through automation.

To meet the aforesaid objectives, the Company is in the process of implementing the below initiatives:

- Installation of new chiller with pumping system for base load.
- Optimization of the existing thermal storage for maximum “Time of Day” Credit benefit by maintaining the specific gravity of brine solution.
- Installing LED for 2X2 feet and 2x18 watts down lighter.
- Use of Variable Frequency Drive(VFD) in Air Handling Unit (AHU) and Business Management System (BMS) for energy saving and operational efficiency.

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

Yes.

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

NIL

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

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes.

(a) American Chamber of Commerce, New Delhi (b) Mahratta Chamber Of Commerce Industries & Agriculture  
(c) Hadapsar Industries Association

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

Yes.

(a) Governance and Administration (b) Economic Reforms

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

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

Yes. The company undertook following projects/ programs as a part of its CSR initiatives:

- Honeywell Safe Schools program with Sustainable Environment and Ecological Development Society (SEEDS) – INR 9,25,55,000 (\$1.36M), out of which Rs. 175 Lakhs was contributed by the company for the financial year March 31, 2017.
- Honeywell Science Experience with Agastya International Foundation – INR 2,45,00,000 (\$0.36M) out of which Rs. 47 Lakhs was contributed by the company for the financial year March 31, 2017
- Safe Water Network India – INR 6,20,00,000 (\$0.98M) out of which Rs. 117 Lakhs was contributed by the company for the financial year March 31, 2017

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

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

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

For Safe kids at home with Safe Kids Foundation, funded in FY 2014-15 out of CSR contribution, is a three year sensitisation program from FY 2015-18. They conduct a pre-assessment and a post assessment after every training session. They have also conducted a midline assessment recently.

Honeywell Science Experience with Agastya International Foundation, funded in FY 2015-16 out of CSR contribution, is a three year STEM education program from FY 2016-19. They conduct a pre-assessment and a post assessment after every session. They will conduct a midline assessment by December 2017. A third party auditor will also conduct similar assessment by August 2017.

FY 2016-17, multiple programs were funded by March 31, 2017. Their impact assessment would be conducted after completion of one year of their program.

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

During the period under review, the company has contributed a sum of Rs. 339 Lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

- Rs. 47 Lakhs was contributed towards the Honeywell Science Experience program in partnership with Agastya International Foundation, a not-for-profit organization, that will deploy these funds over FY 2017-20
- Rs. 117 Lakhs was contributed towards the Safe Water Network initiative to be implemented by Safe Water Network over FY 2017-18.
- Rs. 175 Lakhs was contributed towards the Honeywell Safe Schools program, to be implemented by

Sustainable Environment and Ecological Development Society (SEEDS), a not-for-profit organization, over FY 2017-20.

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

Yes. These programs strategically target marginalized and underprivileged sections of the society, identified per the community's needs. Details about each of the program and its impact are available on the web link <https://honeywell.com/country/in/Documents/Policies/Corporate%20Social%20Responsibility%20Policy.pdf>

Community impact at end of project horizon is as follows:

- Honeywell Safe Schools: 25,000 students on 50 schools to be trained in disaster prevention, risk reduction, disaster management by 2020
- Honeywell Science Experience: 4 science centers, 3 mobile labs, 500 student mentors to reach 16,000 children and 100 teachers by 2020
- Safe Water Network: 30 Honeywell supported safe water stations to reach 90,000 people by 2018

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

**1. What percentage of customer complaints /consumer cases are pending as on the end of financial year.**

Our portfolio is diverse that covers several categories of products and services. The percentage of customer complaints pending as on the end of financial year are as under:

1% of product complaints (technical) and 22% of commercial complaints (non-technical) of Environment and Energy Solutions business were pending as on end of the financial year March 31, 2017. These are in the process of being resolved.

16% of customer complaints (service requests) of Process Solutions business were pending as on end of the financial year March 31, 2017. These are in the process of being resolved

13% of customer complaints of Sensing & IOT business were pending as on end of the financial year March 31, 2017. These are in the process of being resolved.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)**

No. The company has been displaying product information on product label per the local law mandate.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

Nil

**4. Did your company carry out any consumer survey/consumer satisfaction trends?**

Yes.

Customer satisfaction surveys are carried out periodically that measures performance on various parameters, such as timely completion, quality of testing, quality of product/ services, product safety etc.

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

**Ashish Gaikwad**  
Managing Director

**Suresh Senapaty**  
Chairman

Gurugram, May 25, 2017

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

We have audited the accompanying Ind AS financial statements of Honeywell Automation India Limited (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management’s Responsibility for the Ind AS Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors’ Responsibility**

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

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

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

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

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

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 35 to the Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38 to the Ind AS financial statements;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
    - iv. The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer Note 42 to the Ind AS financial statements
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Sunil S Kothari**  
Partner  
(Membership No. 208238)

Gurugram, 25<sup>th</sup> May, 2017

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

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

We have audited the internal financial controls over financial reporting of Honeywell Automation India Limited ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

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

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

material effect on the financial statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Sunil S Kothari**  
Partner  
(Membership No. 208238)

Gurugram, 25<sup>th</sup> May, 2017

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of five years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the copy of the registered sale deed, title search report and tax paid receipts provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of leasehold land and building.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3 (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit and hence reporting under clause 3 (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2017 on account of disputes are given below:

Nature of Due	Forum where Dispute is Pending	Period to which amount relates	Amount Unpaid (Rs. in Lakhs)	Amount paid under protest (Rs. in Lakhs)
<b>Income Tax Act, 1961</b>				
Income Tax	Bombay High Court (HC)	1999-00 to 2002-03	311.02	815.69
Income Tax	Income Tax Appellate Tribunal (ITAT), Pune	2003-04 and 2005-06 to 2012-13	3,748.36	9,179.41
Income Tax	Commissioner of Income Tax (A) Pune	2004-05	550.94	110.11
<b>Respective Sales Tax Laws - Value Added Tax (VAT), Central Sales Tax (CST), Works Contract Tax (WCT) and Entry Tax</b>				
VAT	AVATO, Delhi	2012-13	5.99	NIL
VAT & CST	Sales tax officer, Uttar Pradesh	2010-11	13.69	16.50
WCT, CST & VAT	Joint Commissioner (A)Maharashtra	2001-02 and 2006-07 to 2009-10	2,785.72	905.44
Entry Tax	Deputy Commissioner, Uttar Pradesh	2005-06 & 2006-07	26.00	NIL
VAT & CST	Assistant Commissioner, Gujarat	2001-02; 2006-07; 2008-09	48.86	10.00
VAT & CST	Deputy Commissioner (A) Karnataka	2008-09 to 2010-11	55.59	21.94
VAT	Senior Joint Commissioner West Bengal	2007-08	19.25	NIL
VAT & CST	Joint Commissioner (A)West Bengal	2010-11 to 2013-14	289.34	40.71
VAT & CST	Assistant Commissioner, Rajasthan	2006-07 to 2009-10	50.63	NIL
VAT & CST	Deputy Commissioner (A), Rajasthan	2009-10 to 2012-13	91.71	NIL
VAT & CST	Deputy Commissioner (A) Kerala	2009-10 to 2012-13	214.78	9.63
VAT & CST	Special Commissioner, Delhi	2007-08	341.48	NIL
VAT & CST	Assistant Commissioner, Karnataka	2009-10 to 2012-13	294.50	105.00
VAT	Deputy Commissioner Jharkhand	1997-98 to 1999-00 & 2011-12	39.73	NIL
VAT	Additional Commissioner (Appeal) Uttar Pradesh	2011-12, 2012-13 & 2015-16	380.03	NIL
CST	Deputy Commissioner, Tamilnadu	2012-13	8.05	NIL
VAT	Deputy Commissioner (Commercial Tax)Kerala	2013-14	46.46	20.39
CST	Deputy Commissioner (Appeals) Maharashtra	2010-11 & 2011-12	1,391.79	100.00
VAT & CST	Assistant Commissioner, Jharkhand	2007-08 & 2012-13	20.46	NIL
VAT	Deputy Commissioner, Kerala	2009-10	0.74	0.19
VAT	Joint Commissioner (A)Delhi	2012-13 & 2015-16	1,381.86	NIL
VAT	Assistant Commissioner, Himachal Pradesh	2012-13	0.40	NIL
CST	Deputy Commissioner West Bengal	2013-14	0.75	0.19
VAT	Assistant Commissioner, Telangana	2014-15 & 2015-16	79.02	11.29
VAT	Deputy Commissioner, Maharashtra	2012-13	559.87	NIL
CST	Commercial Tax Officer, Jammu & Kashmir	2011-12	5.33	NIL
CST	Commissioner Tax officer, Uttar Pradesh	2010-11	0.34	NIL
<b>The Customs Act, 1962</b>				
Penalty	CESTAT Mumbai	2006-07	06.00	NIL
Customs Duty	Deputy Commissioner (Customs), Mumbai	1994-95& 2007-08	81.35	NIL
<b>The Central Excise Act, 1944</b>				
Excise Duty	Deputy / Assistant Commissioner, Excise Pune	2000-01& 2006-07 to 2009-10	26.09	NIL

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

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

**Sunil S Kothari**  
Partner  
(Membership No. 208238)

Gurugram, 25<sup>th</sup> May, 2017

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Assets</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	5	7,857	8,369	8,434
(b) Capital work in progress	5	269	160	680
(c) Intangible assets	6	24	35	56
(d) Financial assets				
(i) Trade receivables	8	418	376	327
(ii) Other financial assets	11	2,710	2,261	2,415
(e) Income tax assets (net)	12	5,100	5,281	4,183
(f) Deferred tax assets (net)	13	6,844	7,173	7,341
(g) Other non-current assets	14	7,023	6,670	7,787
<b>Total non-current assets</b>		<b>30,245</b>	<b>30,325</b>	<b>31,223</b>
<b>Current assets</b>				
(a) Inventories	15	9,691	10,064	12,357
(b) Financial assets				
(i) Investments	7	8,275	7,893	7,596
(ii) Trade receivables	8	50,032	50,533	35,603
(iii) Cash and cash equivalents	9	49,075	37,128	17,201
(iv) Bank balances other than (iii) above	10	8,772	30	4,560
(v) Other financial assets	11	2,023	2,063	1,261
(c) Other current assets	14	37,035	38,158	36,759
<b>Total current assets</b>		<b>164,903</b>	<b>145,869</b>	<b>115,337</b>
<b>Total Assets</b>		<b>195,148</b>	<b>176,194</b>	<b>146,560</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	16	884	884	884
(b) Other equity	17	117,144	101,317	88,777
<b>Total Equity</b>		<b>118,028</b>	<b>102,201</b>	<b>89,661</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial Liabilities				
(i) Trade payables	19	76	36	3
(b) Provisions	18	1,268	1,311	1,024
<b>Total non-current liabilities</b>		<b>1,344</b>	<b>1,347</b>	<b>1,027</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	19	55,039	53,545	41,124
(ii) Other financial liabilities	20	2,386	1,925	1,938
(b) Other current liabilities	21	11,259	10,708	7,752
(c) Provisions	18	7,092	6,468	5,058
<b>Total current liabilities</b>		<b>75,776</b>	<b>72,646</b>	<b>55,872</b>
<b>Total Equity and Liabilities</b>		<b>195,148</b>	<b>176,194</b>	<b>146,560</b>

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

**Sunil S Kothari**  
Partner  
Membership No: 208238

Place : Gurugram  
Date : May 25, 2017

For and on behalf of the Board

**Suresh Senapaty**  
Chairman

**Farah Irani**  
Company Secretary

Place : Gurugram  
Date : May 25, 2017

**Ashish Gaikwad**  
Managing Director

**R Ravichandran**  
Chief Financial Officer

(Rupees in lakhs)

Particulars	Notes	Year ended 31st March 2017	Year ended 31st March 2016
Revenue from operations	22	244,472	222,153
Other Income	23	3,803	2,397
<b>Total Income</b>		<u>248,275</u>	<u>224,550</u>
<b>Expenses:</b>			
Cost of materials consumed	24	108,704	110,092
Purchases of Stock in Trade		20,705	16,908
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	605	509
Excise duty on sale of goods		3,465	3,391
Employee benefits expense	26	41,393	35,897
Finance costs	27	26	38
Depreciation and amortization expense	5 & 6	1,635	1,540
Other expenses	28	41,011	33,559
<b>Total expenses</b>		<u>217,544</u>	<u>201,934</u>
<b>Profit before tax</b>		<u>30,731</u>	<u>22,616</u>
Income tax expense:			
- Current tax		10,468	8,490
- Deferred tax		408	352
- Relating to earlier years (Refer Note No. 41)		2,910	(345)
Total tax expense		<u>13,786</u>	<u>8,497</u>
Profit for the period		<u>16,945</u>	<u>14,119</u>
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to Profit or Loss			
(a) Remeasurements losses of the defined benefit plans		(226)	(532)
A (ii) Income tax relating to items that will not be reclassified to profit or loss		78	184
B (i) Items that may be reclassified to Profit or Loss		-	-
B (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Total other comprehensive income (A (i-ii) + B (i-ii) )		(148)	(348)
Total comprehensive income for the year		<u>16,797</u>	<u>13,771</u>
Earning per equity shares (In Rs.)			
Basic and Diluted	32	<u>191.65</u>	<u>159.69</u>
Nominal value per share: Rs.10			

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

**Sunil S Kothari**  
Partner  
Membership No: 208238

Place : Gurugram  
Date : May 25, 2017

**For and on behalf of the Board**

**Suresh Senapaty**  
Chairman

**Farah Irani**  
Company Secretary

Place : Gurugram  
Date : May 25, 2017

**Ashish Gaikwad**  
Managing Director

**R Ravichandran**  
Chief Financial Officer

(Rupees in lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>16,945</b>	<b>14,119</b>
Adjustments for:		
Income tax expense recognised in statement of profit and Loss	13,786	8,497
Depreciation and amortisation of non current assets	1,635	1,540
Gain on disposal of property, plant and equipment	-	(44)
Loss on sale/write off of tangible and intangible assets (net)	71	-
Interest income recognised in profit or loss	(1,877)	(1,608)
Dividend income in profit or loss	(383)	(443)
Employee stock options provisions	94	99
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	459	(14,979)
(Increase)/decrease in amount due from customers under construction contracts	2,214	1,022
(Increase) in inventories	374	2,292
(Increase)/decrease in other assets	(1,440)	(1,354)
Increase/(decrease) in trade payables	1,532	12,453
Increase/(decrease) in provisions	355	1,165
Increase/(decrease) in other current liabilities	967	3,121
<b>Cash generated from operations</b>	<b>34,732</b>	<b>25,880</b>
Income taxes paid (net of refund, if any)	(13,198)	(9,243)
<b>Net cash generated from operations</b>	<b>21,534</b>	<b>16,637</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and equipment	(1280)	(1256)
Proceeds from disposal of property, plant and equipment	47	245
Payment for intangible assets	(13)	(7)
Payments to acquire financial assets net of proceeds	(394)	(528)
Interest received	1859	1490
Dividend received (excluding reinvestments)	-	146
Fixed deposits placed during the year	(37,500)	(10,047)
Proceeds from fixed deposits matured during the year	28,758	14,577
<b>Net cash (used in)/generated from investing activities</b>	<b>(8,523)</b>	<b>4,620</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid (including dividend distribution tax of Rs 180 lakhs (Previous year Rs 150 lakhs) there on)	(1,064)	(1,330)
<b>Net cash used in financing activities</b>	<b>(1,064)</b>	<b>(1,330)</b>
<b>Net change in cash and cash equivalents</b>	<b>11,947</b>	<b>19,927</b>
Cash and cash equivalents as at the beginning of the Year	37,128	17,201
Cash and cash equivalents as at the end of the Year	49,075	37,128
Movement in cash and cash equivalents	11,947	19,927

(Rupees in lakhs)

Cash and cash equivalents consist of	Year ended 31st March 2017	Year ended 31st March 2016
<b>Bank Balances</b>		
Current Accounts	26,653	11,390
Demand deposits (Original maturity less than 3 months )	<u>22,422</u>	<u>25,738</u>
	<u><b>49,075</b></u>	<u><b>37,128</b></u>

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

**Sunil S Kothari**  
Partner  
Membership No: 208238

Place : Gurugram  
Date : May 25, 2017

**For and on behalf of the Board**

**Suresh Senapaty**  
Chairman

**Farah Irani**  
Company Secretary

Place : Gurugram  
Date : May 25, 2017

**Ashish Gaikwad**  
Managing Director

**R Ravichandran**  
Chief Financial Officer

**A. Equity share capital**

(Rupees in lakhs)

	<b>Amount</b>
As at 1st April 2015	884
Changes in equity share capital	-
As at 31st March 2016	884
Changes in equity share capital	-
As at 31st March 2017	884

**B. Other equity**

(Rupees in lakhs)

	Reserves and surplus				Other comprehensive Income	Total
	Securities Premium Reserves	General Reserves	Retained earnings	Share based payment reserve	Remeasurements of the defined benefit plans	
Balance as at 1st April 2015	1,577	15,473	71,643	84	-	<b>88,777</b>
Profit for the year	-	-	14,119	-	-	14,119
Other comprehensive income for the year, net of income tax	-	-	-	-	(348)	(348)
<b>Total comprehensive income for the year</b>	-	-	<b>14,119</b>	-	<b>(348)</b>	<b>13,771</b>
Dividend Paid	-	-	(1,330)	-	-	(1,330)
Transfer to general reserves	-	1,385	(1,385)	-	-	-
Recognition of share-based payments	-	-	-	99	-	99
<b>Balance as at 31st March 2016</b>	<b>1,577</b>	<b>16,858</b>	<b>83,047</b>	<b>183</b>	<b>(348)</b>	<b>101,317</b>
Profit for the year	-	-	16,945	-	-	16,945
Transfer to general reserves	-	1,694	(1,694)	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	(148)	(148)
<b>Total comprehensive income for the year</b>	-	<b>1,694</b>	<b>15,251</b>	-	<b>(148)</b>	<b>16,797</b>
Dividend Paid	-	-	(1,064)	-	-	(1,064)
Recognition of share-based payments	-	-	-	94	-	94
<b>Balance as at 31st March 2017</b>	<b>1,577</b>	<b>18,552</b>	<b>97,234</b>	<b>277</b>	<b>(496)</b>	<b>117,144</b>

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

**Sunil S Kothari**  
Partner  
Membership No: 208238

Place : Gurugram  
Date : May 25, 2017

**For and on behalf of the Board**

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

**Ashish Gaikwad**  
Managing Director  
  
**R Ravichandran**  
Chief Financial Officer

Place : Gurugram  
Date : May 25, 2017

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

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

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

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

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

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

**B. Basis of Preparation and Presentation**

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

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

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

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

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

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

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

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

**C. Property, Plant and Equipment**

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

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

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

Losses arising from the retirement of, and gains or losses arising from disposal of Property, plant and equipment which are carried at cost are recognised in the Statement of Profit and Loss.

Freehold land is not depreciated.

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

<b>Class of Assets</b>	<b>Useful Lives</b>
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 lease period or useful life of assets whichever is lower.

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

**D. Intangible Assets and Amortization**

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The Purchased Software are amortized over a period of 3 years.

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

**E. Impairment of Tangible and Intangible Assets other than Goodwill**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows

expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### F. Inventories

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

#### G. Revenue Recognition

- i) Revenue in respect of projects for construction of plants and systems is recognized on the basis of percentage of completion method in accordance with Ind AS 11 – 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 (Input method). 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.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

- ii) Revenue from sales of products and services are recognized when all the revenue recognition criteria as per Ind AS 18 are met.
- iii) Revenue from short term software development services includes revenue from time and material and fixed price contracts. Revenues 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.

#### H. Foreign Currency Transactions

- i) Functional currency

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

- ii) Initial Recognition

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

- iii) Subsequent Recognition

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

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

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

**I. Employee Benefits**

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

i) Superannuation fund:

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

ii) Provident Fund:

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

iii) Gratuity:

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

iv) Compensated Absences:

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

v) Termination Benefits:

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

Actuarial gain or losses and remeasurements:

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

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

**J. Share Based Payments**

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

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

**K. Income Tax**

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

**Current tax:-**

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

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

**Deferred tax:-**

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

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

**L. Provisions and Contingencies**

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

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

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

**M. Leases**

As a lessee:

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

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

**N. Financial Instruments**

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

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

## O. Financial Assets

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

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

### i) Classification of financial assets

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

### ii) Effective interest method

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

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

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

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

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In

addition, debt instruments that meet amortised cost criteria or FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

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

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

iv. Impairment of financial assets

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

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

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

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

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

For trade receivables or any contractual right to receive cash or another financials asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to

debt instruments at FVTOCI expect that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

v. Derecognition of financial assets

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

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

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

vi. Foreign exchange gains and losses

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

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

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

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

**P. Financial Liabilities and Equity Instruments**

i) Classification as debt or equity

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

ii) Equity instruments

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

iii) Financial liabilities

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

## a) Financial liabilities at FVTPL

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

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

## b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expenses that is not capitalised as part of cost of an asset is included in 'finance cost'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instrument and are recognised in other income.

The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liability that are measured at FVTPL, the foreign exchange component forms part of fair value gains or losses and is recognised in profit or loss.

## iv) Derecognition of financial liabilities

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

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

In the application of the Company's accounting policies, which are described in note 3, the directors of the company is required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

1. The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness

and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

2. The company uses the percentage-of-completion method in accounting for its contract revenue. Use of the percentage-of-completion method requires the company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.
3. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.
4. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which this entity operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.
5. Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.
6. In case of Property, plant and equipment, The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

#### NOTE 4 - FIRST-TIME IND-AS ADOPTION RECONCILIATIONS

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

##### Exemptions availed

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

The Company has availed the following exemptions:

1. Deemed cost for property, plant and equipment and intangible assets: Property Plant and equipment, were carried in Balance sheet prepared in accordance with previous GAAP on 31st March 2015. The Company has elected to regard carrying values as at 31st March 2015 as deemed cost at the date of transition.
2. Derecognition of financial assets and liabilities: The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 ( the transition date).
3. Cumulative translation differences on foreign operations: Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 April 2015.
4. Impairment of financial assets: The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
5. Determining whether an arrangement contains a lease: The Company has applied Appendix C of Ind AS 17 *Determining whether an Arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**Reconciliations**

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

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

(Rupees in lakhs)

Particulars	1st April 2015			31st March 2016		
	Previous GAAP	Effect of transition to Ind AS	Opening Ind AS balance sheet	Previous GAAP	Effect of Transition to Ind AS	Ind AS
<b>ASSETS</b>						
<b>1 Non-current assets</b>						
(a) Property, plant and equipment	8,434	-	8,434	8,369	-	8,369
(b) Capital work in progress	680	-	680	160	-	160
(c) Other Intangible assets	56	-	56	35	-	35
(d) Financial assets						
(i) Trade receivables	327	-	327	376	-	376
(ii) Other financial assets	2,647	(232)	2,415	2,429	(168)	2,261
(e) Income tax assets (net)	4,183	-	4,183	5,281	-	5,281
(f) Deferred tax assets (net)	7,341	-	7,341	7,173	-	7,173
(g) Other non-current assets	7,555	232	7,787	6,502	168	6,670
<b>Total non-current assets</b>	<b>31,223</b>	<b>-</b>	<b>31,223</b>	<b>30,325</b>	<b>-</b>	<b>30,325</b>
<b>2 Current assets</b>						
(a) Inventories	12,357	-	12,357	10,064	-	10,064
(b) Financial assets						
(i) Investments	7,596	-	7,596	7,893	-	7,893
(ii) Trade receivables	35,603	-	35,603	50,533	-	50,533
(iii) Cash and cash equivalents	17,201	-	17,201	37,128	-	37,128
(iv) Bank balances other than (iii) above	4,560	-	4,560	30	-	30
(vi) Other financial assets	1,356	(95)	1,261	2,158	(95)	2,063
(c) Other current assets	36,691	68	36,759	38,092	66	38,158
<b>Total current assets</b>	<b>115,364</b>	<b>(27)</b>	<b>115,337</b>	<b>145,899</b>	<b>(29)</b>	<b>145,870</b>
<b>Total Assets</b>	<b>146,587</b>	<b>(27)</b>	<b>146,560</b>	<b>176,223</b>	<b>(29)</b>	<b>176,194</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity share capital	884	-	884	884	-	884
(b) Other equity	87,303	1,474	88,777	100,090	1,227	101,317
<b>Total Equity</b>	<b>88,187</b>	<b>1,474</b>	<b>89,661</b>	<b>100,974</b>	<b>1,227</b>	<b>102,201</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Trade payables	3	-	3	36	-	36
(b) Provisions	1,024	-	1,024	1,311	-	1,311
<b>Total non-current liabilities</b>	<b>1,027</b>	<b>-</b>	<b>1,027</b>	<b>1,347</b>	<b>-</b>	<b>1,347</b>
<b>Current liabilities</b>						
(a) Financial Liabilities						
(i) Trade payables	41,295	(171)	41,124	53,737	(192)	53,545
ii) Other financial liabilities	1,938	-	1,938	1,925	-	1,925
(b) Other current liabilities	7,752	-	7,752	10,708	-	10,708
(c) Provisions	6,388	(1,330)	5,058	7,532	(1,064)	6,468
<b>Total current liabilities</b>	<b>57,373</b>	<b>(1,501)</b>	<b>55,872</b>	<b>73,902</b>	<b>(1,256)</b>	<b>72,646</b>
<b>Total Equity and Liabilities</b>	<b>146,587</b>	<b>(27)</b>	<b>146,560</b>	<b>176,223</b>	<b>(29)</b>	<b>176,194</b>

## Notes to the financial statements

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

(Rupees in lakhs)

Particulars	Year ended 31st March 2016		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from operations	222,153	-	222,153
Other Income	2,333	64	2,397
Total Income	224,486	64	224,550
Expenses:			
Cost of materials consumed	110,092	-	110,092
Purchases of Stock in Trade	16,908	-	16,908
Changes in inventories of finished goods, work-in-progress and stock-in-trade	509	-	509
Excise duty on sale of goods	3,391	-	3,391
Employee benefits expense	36,330	(433)	35,897
Finance costs	38	-	38
Depreciation and amortization expense	1,540	-	1,540
Other expenses	33,514	45	33,559
Total expenses	202,322	(388)	201,934
Profit before tax	22,164	(452)	22,616
Income tax expense:			
- Current tax	8,490	-	8,490
- Deferred tax	168	184	352
- Relating to earlier years	(345)	-	(345)
Total tax expense	8,313	184	8,497
Profit for the period	13,851	268	14,119
Other comprehensive income			
A (i) Items that will not be reclassified to Profit or Loss			
(a) Remeasurements of the defined benefit plans	-	(532)	(532)
A (ii) Income tax relating to items that will not be reclassified to profit or loss	-	184	184
B (i) Items that may be reclassified to Profit or Loss	-	-	-
B (ii) Income tax relating to items that may be reclassified to profit or loss	-	-	-
Total other comprehensive income (A (i-ii) + B (i-ii) )	-	(348)	(348)
Total comprehensive income for the year	13,851	80	13,771

## Notes to the financial statements

## Effect of Ind AS adoption on the statement of cashflow for the year ended March 31, 2016

(Rupees in lakhs)

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	15,853	784	16,637
Net cash flows from investing activities	5,442	(822)	4,620
Net cash flows from financing activities	(1,368)	38	(1,330)
Net increase (decrease) in cash and cash equivalents	19,927	-	19,927
Cash and cash equivalents at beginning of period	17,201	-	17,201
Cash and cash equivalents at end of period	37,128	-	37,128

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

(Rupees in lakhs)

Particulars	31st March 2016	1st April 2015
Cash and cash equivalents consist of:		
Cash and bank balances	37,128	17,201
<b>Total cash and cash equivalents</b>	<b>37,128</b>	<b>17,201</b>

## Reconciliation of the Total Comprehensive Income

(Rupees in lakhs)

	Year ended March 31, 2016
Net profit under previous GAAP	13,851
Adjustments on account of share based payments, employee benefits and fair valuation	452
Deferred Tax impact	(184)
<b>Net profit for the period</b>	<b>14,119</b>
Other Comprehensive income (Net of tax)	(348)
<b>Total Comprehensive income under Ind AS</b>	<b>13,771</b>

## Reconciliation of the equity

(Rupees in lakhs)

	As at March 31, 2016	As at April 01, 2015
<b>Equity as per previous GAAP</b>	<b>100,974</b>	<b>88,187</b>
Proposed dividend	1,064	1,330
Adjustments on account of share based payments, employee benefits and fair valuation	163	144
<b>Equity under Ind As</b>	<b>102,201</b>	<b>89,661</b>

## Notes to the financial statements

(Rupees in lakhs)

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

	31st March 2017	31st March 2016	1st April 2015
<b>Carrying amounts of :</b>			
Freehold land	30	30	30
Buildings	3,447	3,649	3,690
Plant and machinery	2,893	3,007	2,853
Computers	986	953	859
Furniture and fixtures	359	477	583
Office equipments	122	146	184
Vehicles	20	107	235
	7,857	8,369	8,434
Capital work-in-progress	269	160	680
	8,126	8,529	9,114

(Rupees in lakhs)

	Freehold land	Buildings	Plant and machinery	Computers	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Cost or deemed cost</b>								
<b>Balance at April 1, 2015</b>	30	3,690	2,853	859	583	184	235	8,434
Additions	-	190	822	590	38	8	-	1,648
Disposals	-	(19)	(156)	-	(30)	-	(14)	(219)
<b>Balance at March 31, 2016</b>	30	3,861	3,519	1,449	591	192	221	9,863
Additions	-	-	495	698	4	20	-	1,217
Disposals/ assets written off	-	(4)	(144)	(12)	(47)	(2)	(58)	(267)
<b>Balance at March 31, 2017</b>	30	3,857	3,870	2,135	548	210	163	10,813
<b>Accumulated depreciation and impairment</b>								
<b>Balance at April 1, 2015</b>	-	-	-	-	-	-	-	-
Eliminated on disposal of assets	-	-	(10)	-	(3)	-	(5)	(18)
Depreciation expenses	-	212	522	496	117	46	119	1,512
<b>Balance at March 31, 2016</b>	-	212	512	496	114	46	114	1,494
Eliminated on disposal/ assets written off	-	-	(68)	(10)	(20)	(1)	(50)	(149)
Depreciation expenses	-	198	533	663	95	43	79	1,611
<b>Balance at March 31, 2017</b>	-	410	977	1,149	189	88	143	2,956
<b>Carrying Amount</b>								
<b>Balance at April 1, 2015</b>	30	3,690	2,853	859	583	184	235	8,434
<b>Balance at March 31, 2016</b>	30	3,649	3,007	953	477	146	107	8,369
<b>Balance at March 31, 2017</b>	30	3,447	2,893	986	359	122	20	7,857

## Notes to the financial statements

## NOTE 6 - INTANGIBLE ASSETS

(Rupees in lakhs)

	31st March 2017	31st March 2016	1st April 2015
Computer software	24	35	56
Product distribution rights HSPL	-	-	-
	24	35	56

(Rupees in lakhs)

	Computer software	Product distribution rights HSPL
<b>Cost or deemed cost</b>		
<b>Balance at April 1, 2015</b>	56	-
Additions	7	-
Disposals	-	-
<b>Balance at March 31, 2016</b>	63	-
Additions	13	-
Disposals	-	-
<b>Balance at March 31, 2017</b>	76	-
<b>Accumulated depreciation and impairment</b>		
<b>Balance at April 1, 2015</b>	-	-
Eliminated on disposal of assets	-	-
Depreciation expenses	28	-
<b>Balance at March 31, 2016</b>	28	-
Depreciation expenses	24	-
<b>Balance at March 31, 2017</b>	52	-
<b>Carrying Amount</b>		
<b>Balance at April 1, 2015</b>	56	-
<b>Balance at March 31, 2016</b>	35	-
<b>Balance at March 31, 2017</b>	24	-

## Notes to the financial statements

## NOTE 7 - CURRENT INVESTMENTS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
At cost or market value, whichever is less;			
Investment in mutual funds (Unquoted):			
45,95,073 units at NAV of Rs: 100.30 (31st March 2016 : 43,81,900 at NAV of Rs:100.30 ;1st April 2015 : 3,876,878 at NAV of Rs: 100.30) in DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Daily Dividend - Reinvestment (previously known as DWS Insta Cash Plus Fund- Direct Plan - Daily Dividend - Reinvestment)	4,609	4,395	3,889
3,66,480 units at NAV of Rs: 1000.81 (31st March 2016 :349,554 at NAV of RS. 1000.81; 1st April 2015 : 328,687 at NAV of Rs: 1000.81) in DSP Blackrock Liquidity Fund- Direct Plan - Daily Dividend - Reinvestment	3,666	3,498	3,288
Nil units (31st March 2016 : Nil, 1st April 2015 : 4,187,399 ) in JP Morgan India Liquid Fund- Direct Plan - Daily Dividend -Reinvestment	-	-	419
<b>Total</b>	<b>8,275</b>	<b>7,893</b>	<b>7,596</b>

## NOTE 8 - TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Non-Current</b>			
(a) Secured, considered good	-	-	-
(b) Unsecured, considered good	418	376	327
(c) Doubtful	28	6	58
	446	382	385
Expected credit loss allowance	28	6	58
<b>Total</b>	<b>418</b>	<b>376</b>	<b>327</b>
<b>Current</b>			
(a) Secured considered good	-	-	-
(b) Unsecured, considered good	50,032	50,533	35,603
(c) Doubtful	5,578	6,241	6,465
	55,610	56,774	42,068
Expected credit loss allowance	5,578	6,241	6,465
<b>Total</b>	<b>50,032</b>	<b>50,533</b>	<b>35,603</b>

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

## Notes to the financial statements

<u>Ageing</u>	<u>Expected credit loss %</u>
0-90 days past due	0.07%
More than 90 days past due	35.45%

Age of receivables (Rupees in lakhs)

	<b>As at 31st March 2017</b>	<b>As at 31st March 2016</b>	<b>As at 1st April 2015</b>
0-90 days past due	34,709	35,138	21,872
More than 90 days past due	15,741	15,771	14,058
<b>Total</b>	<b>50,450</b>	<b>50,909</b>	<b>35,930</b>

Movement in the expected credit allowance (Rupees in lakhs)

	<b>As at 31st March 2017</b>	<b>As at 31st March 2016</b>
Balance at beginning of the year	6,247	6,523
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(641)	(276)
Balance at the end of the year	5,606	6,247

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

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

<u>As at</u>	<b>Number of customers</b>	<b>Outstanding balance</b>
31 <sup>st</sup> March 2017	2	8,288
31 <sup>st</sup> March 2016	5	9,762
1 <sup>st</sup> April 2015	3	9,624

**NOTE 9 - CASH AND CASH EQUIVALENTS** (Rupees in lakhs)

	<b>As at 31st March 2017</b>	<b>As at 31st March 2016</b>	<b>As at 1st April 2015</b>
<b>Bank balances</b>			
In current accounts	26,653	11,390	5,658
Demand deposits (Original maturity less than 3 months)	22,422	25,738	11,543
<b>Total</b>	<b>49,075</b>	<b>37,128</b>	<b>17,201</b>

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

## Notes to the financial statements

## NOTE 10 - BANK BALANCES OTHER THAN (III) ABOVE

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Other bank balances</b>			
Long term deposits with original maturity more than 3 months but less than 12 months	8,749	9	4,539
Unpaid dividend account	23	21	21
<b>Total</b>	<b>8,772</b>	<b>30</b>	<b>4,560</b>

## NOTE 11 - OTHER FINANCIAL ASSETS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Non-Current</b>			
Deposits against bank guarantee	1,823	1,563	1,553
Security deposits	887	698	862
<b>Total</b>	<b>2,710</b>	<b>2,261</b>	<b>2,415</b>
<b>Current</b>			
Deposits against bank guarantee	131	151	107
Interest accrued on deposits with banks	555	540	421
Security deposits	262	438	360
Earnest money deposits (net of provisions)	1,075	934	373
<b>Total</b>	<b>2,023</b>	<b>2,063</b>	<b>1,261</b>

## NOTE 12 - INCOME TAX ASSETS (NET)

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Taxes paid in advance less provisions [Net of Provision for tax Rs. 46,777 Lakhs ( 31st March 2016 Rs. 44,662 Lakhs, 31st March 2015 Rs. 38,646 Lakhs)]	5,100	5,281	4,183
<b>Total</b>	<b>5,100</b>	<b>5,281</b>	<b>4,183</b>

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

	As at 31st March 2017	As at 31st March 2016
Profit before tax	30,731	22,616
Tax expenses	13,786	8,497
Effective tax rate	<b>44.86%</b>	<b>37.57%</b>
Net impact of deduction/exemption and disallowance	-0.78%	-2.96%
Additional tax provision for earlier years arising out of proceedings with the authorities during the current year	-9.47%	0.00%
Tax rate as per Income tax act	<b>34.61%</b>	<b>34.61%</b>

The applicable Indian statutory tax rate for financial year ended March 31, 2017 and March 31, 2016 is 34.61%.

## Notes to the financial statements

## NOTE 13 - DEFERRED TAX ASSET (NET)

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred tax liability (A)	266	281	175
Deferred tax assets (B)	7,110	7,454	7,516
<b>Deferred tax assets (Net) (B-A)</b>	<b>6,844</b>	<b>7,173</b>	<b>7,341</b>

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

(Rupees in lakhs)

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>2016-17</b>				
<b>Deferred tax assets/ (liabilities) in relation to</b>				
Depreciation and amortisation	(281)	15	-	(266)
Provision for trade and other receivables	3,035	(118)	-	2,917
Provision for estimated cost to complete	733	(7)	-	726
Provision for compensated absences	386	51	-	437
Provision for other expenses	2,290	(718)	-	1,572
Gratuity	194	(156)	267	305
Bonus	590	165	-	755
Others	226	361	(189)	398
<b>2015-16</b>				
<b>Deferred tax assets/ (liabilities) in relation to</b>				
Depreciation and amortisation	(175)	(106)	-	(281)
Provision for trade and other receivables	3,172	(137)	-	3,035
Provision for estimated cost to complete	688	45	-	733
Provision for compensated absences	310	76	-	386
Provision for other expenses	2,573	(283)	-	2,290
Gratuity	70	(60)	184	194
Bonus	383	207	-	590
Others	320	(94)	-	226

## Notes to the financial statements

## NOTE 14 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Non-current</b>			
Capital advances	-	-	50
Advance rent	49	168	232
Balances with Government authorities	6,974	6,502	7,505
<b>Total</b>	<b>7,023</b>	<b>6,670</b>	<b>7,787</b>
<b>Current</b>			
Advance rent	64	66	68
Balances with Government authorities	5,425	5,302	2,502
Advances recoverable in cash or kind	799	1,102	820
Amounts due from customers under construction contracts (refer note 38) (Net of Expected Credit loss of Rs. 2,361 Lakhs; 31st March 2016 Rs. 2,190 Lakhs ; 1st April 2015 Rs. 2,462 Lakhs)	27,142	29,356	30,378
Unbilled services (Net of Expected Credit loss of Rs. 69 Lakhs ; 31st March 2016 Rs. 16 Lakhs; 1st April 2015 Rs. 65 Lakhs)	1,866	972	1,485
Advances to employees	1,603	1,303	1,457
Prepaid expenses	136	57	49
<b>Total</b>	<b>37,035</b>	<b>38,158</b>	<b>36,759</b>

## NOTE 15 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inventories (lower of cost and net realisable value)			
Raw materials [includes in transit: Rs. 965 lakhs (31st March 2016 : Rs. 541 lakhs; 1st April 2015 : Rs. 694 lakhs)]	5,754	5,522	7,306
Work-in progress	157	433	621
Finished goods	314	794	516
Stock in trade	3,466	3,315	3,914
<b>Total</b>	<b>9,691</b>	<b>10,064</b>	<b>12,357</b>

## Notes to the financial statements

## NOTE 16 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Authorised:</b>			
10,000,000 (March 31, 2016: 10,000,000 ) equity shares of Rs.10 each	1,000	1,000	1,000
	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Issued:</b>			
8,841,697 (March 31, 2016: 8,841,697 ) equity shares of Rs.10 each	884	884	884
	<b>884</b>	<b>884</b>	<b>884</b>
<b>Subscribed and paid up</b>			
8,841,523 (March 31, 2016: 8,841,523 ) equity shares of Rs. 10 each (fully paid up)	884	884	884
<b>Total</b>	<b>884</b>	<b>884</b>	<b>884</b>

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

Equity shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(b) Reconciliation of shares:**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
<b>Equity shares</b>				
Balance as at the beginning and end of the period	8,841,523	884	8,841,523	884

**(c) Shares held by the holding company**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
<b>Equity shares:</b>				
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**

Particulars	As at March 31, 2017		As at March 31, 2016	
	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 (March 31, 2016 : 6,631,142 ) Equity shares constituting 75% (March 31,2016 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, 2017.

## Notes to the financial statements

## NOTE 17 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Securities Premium Reserves (A)</b>	1,577	1,577	1,577
<b>Share based payment reserve (B)</b>	277	183	84
<b>General Reserve (C)</b>	18,552	16,858	15,473
<b>Other comprehensive Income (D)</b>			
Remeasurements (Gains)/ Losses of the defined benefit plans	496	348	-
<b>Retained Earnings (E)</b>	97,234	83,047	71,643
<b>Total (A+B+C-D+E)</b>	<b>117,144</b>	<b>101,317</b>	<b>88,777</b>

## NOTE 18 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Non Current</b>			
Gratuity and other retirement benefits (Refer note 37)	1,019	1,112	884
Provision for Warranty (Refer note 36)	249	199	140
	1,268	1,311	1,024
<b>Current</b>			
Compensated absences	1,263	1,116	913
Gratuity and other retirement benefits (Refer note 37)	1,000	721	516
Provision for Warranty and other potential claims (Refer note 36)	1,149	1,395	451
Provision for litigations/ disputes (Refer note 36)	1,569	1,000	1,000
Provision for estimated cost to complete on contracts (Refer note 36)	2,111	2,236	2,178
	7,092	6,468	5,058
	<b>8,360</b>	<b>7,779</b>	<b>6,082</b>

## NOTE 19 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Non current</b>			
Retention Trade Payable	76	36	3
<b>Total</b>	<b>76</b>	<b>36</b>	<b>3</b>
<b>Current</b>			
Trade Payables others (refer note 33)	55,013	53,333	40,702
Acceptances	26	212	422
<b>Total</b>	<b>55,039</b>	<b>53,545</b>	<b>41,124</b>

## Notes to the financial statements

## NOTE 20 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
<b>Current</b>			
Unclaimed dividend	23	21	21
Creditors for capital goods	158	114	291
Employee benefits payable	2,205	1,790	1,626
	<b>2,386</b>	<b>1,925</b>	<b>1,938</b>

## NOTE 21 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred revenue	3,553	3,790	544
Amount due to customers under construction contract (refer note 38)	4,779	3,782	3,765
Advances from customers	771	1,528	2,002
Statutory dues (including Provident Fund and Tax deducted at Source)	1,902	1,333	1,172
Other payables	254	275	269
	<b>11,259</b>	<b>10,708</b>	<b>7,752</b>

## NOTE 22 - REVENUE FROM OPERATIONS (GROSS)

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Manufactured products and jobs	136,803	133,954
Traded products	30,412	25,868
Sale of services	77,156	62,225
<b>Other operating revenue</b>		
Scrap sale	46	28
Refund of taxes and duties	55	78
<b>Total</b>	<b>244,472</b>	<b>222,153</b>

## Notes to the financial statements

## NOTE 23 - OTHER INCOME

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Interest income earned on financial assets that are not designated as a fair value through profit and loss account		
i) Bank Deposits	1,877	1,608
ii) Other financial assets carried at amortised cost	63	63
Interest on income tax refund	1,152	-
Liabilities no longer required written back	311	202
Profit on assets sold/ discarded (net)	-	44
Dividend on current investments	383	443
Miscellaneous income	17	37
<b>Total</b>	<b>3,803</b>	<b>2,397</b>

## NOTE 24 - COST OF MATERIALS CONSUMED

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Raw materials consumed		
Opening inventory	5,522	7,306
Add: Purchases (net)	108,936	108,308
Less: Inventory at the end of the year	5,754	5,522
<b>Cost of raw materials consumed</b>	<b>108,704</b>	<b>110,092</b>

## NOTE 25 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	794	516
Work in progress	433	621
Stock in trade	3,315	3,914
Total (A)	4,542	5,051
Stock at the end of the year		
Finished goods	314	794
Work in progress	157	433
Stock in trade	3,466	3,315
Total (B)	3,937	4,542
<b>(Increase)/ decrease in stock (A-B)</b>	<b>605</b>	<b>509</b>

## Notes to the financial statements

**NOTE 26 - EMPLOYEE BENEFIT EXPENSES**

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Salaries, wages and bonus	38,351	33,624
Contribution to Provident and Other Funds (Refer note 37)	2,048	1,497
Staff welfare expenses	994	776
<b>Total</b>	<b>41,393</b>	<b>35,897</b>

**NOTE 27 - FINANCE COST**

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Interest	26	38
<b>Total</b>	<b>26</b>	<b>38</b>

**NOTE 28 - OTHER EXPENSES**

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Power and fuel	840	852
Rent [(Refer note 2 (M) and 31]	2,252	2,120
Rates and taxes	1,589	896
Repairs and maintenance	-	-
Building	-	-
Plant and machinery	53	68
Others	890	989
	944	1,056
Auditors remuneration		
As Auditors	46	50
Others( including tax audit)	26	16
Out of pocket expenses	3	4
	75	70
Travelling and conveyance	16,702	14,722
Communication expenses	633	617
Insurance	75	38
Loss on sale / write off of tangible and intangible assets (net)	71	-
Sales commission	268	614
Professional fees	2,783	2,407
Foreign exchange loss (Net)	1,022	15
Bad debts written off (Net of expected credit loss allowance) (Refer note 28.1)	307	45
Customer deductions\claims	438	346
Corporate overhead allocations	11,011	8,095
Expenditure towards Corporate Social Responsibility (Refer note 40)	348	303
Bank Charges	249	282
Miscellaneous expenses	1,405	1,080
<b>Total</b>	<b>41,011</b>	<b>33,559</b>

## Notes to the financial statements

**NOTE 28.1 - BAD DEBTS WRITTEN OFF NET OF EXPECTED CREDIT LOSS ALLOWANCE** (Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Bad debts written off	654	611
Expected credit loss allowance	(347)	(566)
Bad debts written off (Net of expected credit loss allowance)	307	45

**NOTE 29 - SEGMENT INFORMATION**

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

**Geographical Information:**

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

Particulars	Revenue from external customer for the year ended		Non current assets* as at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
India	139,661	145,089	8,150	8,565
Other	104,811	77,064	-	-
<b>Total</b>	<b>244,472</b>	<b>222,153</b>	<b>8,150</b>	<b>8,565</b>

\* Fixed assets used in the Company's business or liabilities contracted have not been identified to any businesses as the fixed assets and services are used interchangeably between businesses.

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

## Notes to the financial statements

## NOTE 30 - RELATED PARTY DISCLOSURE

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

<b>i)</b>	<b>Parties where control exists</b>	
	Honeywell Asia -Pacific Inc., Holding company Honeywell International Inc., Ultimate holding company	
	<b>Other related parties with whom transactions have taken place during the year:</b>	
<b>ii)</b>	<b>Fellow Subsidiaries</b>	
	Honeywell Middle East B.V. Honeywell Technology Solutions Qatar Honeywell Tianjin Limited Honeywell Life Safety AS 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. Honeywell Life Safety AS Honeywell Building Solutions Gmbh Novar Systems Ltd. Honeywell Middle East FZE Honeywell Controls International Ltd. Tridium Inc. Honeywell Limited (New Zeland) Honeywell Austria Gesellschaft mbh Honeywell A.B. Matrikon Pty Ltd. Trend Control Systems Ltd. Honeywell (China) Advanced Solutions Co., Ltd. Honeywell Southern Africa (Proprietary) Ltd. Honeywell Japan Inc. Honeywell Angola Lda Honeywell E.P.E.	Honeywell International (India) Private Limited Honeywell Limited Australia Honeywell Limited Honeywell Enraf Americas, Inc. Honeywell Measurex (Ireland) Ltd. Honeywell Turki-Arabia Limited 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. (Korea) Honeywell S.L. Honeywell Portugal, Automacao e Contolo, S.A. Honeywell Automation & control Solutions Carribean Ltd. Honeywell AS Norway Honeywell OY Matrikon Middle East Co WLL Honeywell Environmental & Combustion Controls (Tianjin) Co., Ltd. Honeywell International s.a.r.l. Honeywell Sensing & Control China Co, Ltd. Honeywell Technologies SARL Honeywell AG Matrikon Inc. Honeywell NV [Belgium] Honeywell S.A.I.C. Eclipse Combustion (Pvt.) Ltd. Elster GmbH

## Notes to the financial statements

<b>Other related parties with whom transactions have taken place during the year:</b>	
<p>HONEYWELL LIMITED / HONEYWELL LIMITEE Honeywell S.A. [France] HONEYWELL TEKNOLOJI A.S MK Electric (Malaysia) SDN BHD Intermec Technologies (S) Pte Ltd Honeywell Hometown Solutions India Foundation Honeywell Trading (Shanghai) Co., Ltd. UOP Limited Honeywell Fire Systems LLC Life Safety Germany GmbH Honeywell Automotive de Mexico, S.A. de C.V. Honeywell A/S (Denmark) Automation And Control Solutions Limited PT Honeywell Indonesia Life Safety Distribution AG Enraf Tanksystem AG Salisbury Electrical Safety L.L.C. Honeywell Analytics Ltd Sinpoec Honeywell Tianjin Ltd. ZAO Honeywell Maxon Corporation Honeywell ASCa Inc. Maxon Combustion Equipment (Shanghai) Co.,Ltd. Maxon International BVBA BW Technologies Partnership Inncom International Inc Bryan Donkin RMG Gas Controls Ltd Honeywell, S.L. [Spain] Honeywell Iraq LLC Saia-Burgess Controls AG Honeywell spol. s.r.o. [Slovak Republic] Integrated Technical Innovation Company for General Services &amp; Trade Honeywell Specialty Chemicals (Singapore) Pte. Ltd. Honeywell Taiwan Limited Honeywell, S.A. de C.V. Mercury Instruments LLC RMG Messtechnik GmbH Honeywell China co. Ltd.</p>	<p>Elster Metering Private Limited Elster Solutions GmbH Energy ICT N.V. Honeywell Teknoloji Anonim Sirketi (Previously: Honeywell Otomasyon ve Kontrol Sistemleri Sanayi ve Ticaret A.S.) Metrologic Asia (Pte) Ltd Xtralis Pty Ltd Honeywell International Services S.r.l. HSM Technology LLC Honeywell HBS Solutions LLC UOP L.L.C. Honeywell Aerospace B.V. Honeywell Turbo Technologies (India) Private Limited Honeywell Electrical Devices and Systems India Limited Honeywell do Brasil Ltda. Honeywell Egypt Limited Honeywell EOOD Matrikon International, Inc. Novar GmbH Honeywell Integrated Technology (China) Co Ltd. Ademco Asia Pacific Ltd. Tridium Asia Pacific Pte Ltd. Honeywell Building Solutions SES Corporation Honeywell Romania s.r.l. Honeywell Marine SAS Honeywell Europe Services S.A.S. Honeywell Automation and Control Solutions West Africa Limited Honeywell Automation Controls System LLP (Kazakhstan) Honeywell (Macau) Limited KAC Alarm Company Limited RMG Regel + Messtechnik GmbH Honeywell Sp. z o.o. Honeywell Szabályozástechnikai Kft. Honeywell spol. s.r.o. [Czech Republic] Honeywell Technology Solutions Inc. Matrikon Business Systems Inc. Novar ED&amp;S Limited</p>
<b>iii)</b>	<b>Key Management Personnel</b>
	<p>Mr. Vikas Chaddha, Managing Director [Resigned w.e.f. July 31, 2016 (close of business hours)] Mr. Ashish Gaikwad, Managing Director [Appointed w.e.f. 1 October, 2016] Mr. Anurag Bhagania, CFO [Resigned w.e.f. June 26, 2016 (close of business hours)] Mr. R Ravichandran, CFO [Appointed w.e.f. June 27, 2016] Ms. Sangeet Hunjan, Company Secretary [Resigned w.e.f. November 24, 2016 (close of business hours)] Ms. Farah Irani, Company Secretary [Appointed w.e.f. May 16, 2017]</p>

## Notes to the financial statements

## Transactions with Related Parties

(Rupees in lakhs)

Description of the nature of transactions	Volume of transactions for year ended		Amount outstanding as at					
	March 31, 2017	March 31, 2016	March 31, 2017		March 31, 2016		April 01, 2015	
			Receivable	Payable	Receivable	Payable	Receivable	Payable
<b>Sale of goods, services and reimbursement of expenses</b>								
<u>Holding Company</u>								
Honeywell International Inc.	18,941	16,738	1,402	-	1,062	-	1,598	-
<b>Total</b>	<b>18,941</b>	<b>16,738</b>	<b>1,402</b>	<b>-</b>	<b>1,062</b>	<b>-</b>	<b>1,598</b>	<b>-</b>
<u>Fellow Subsidiaries</u>								
Honeywell Ltd. (Australia)	3,998	3,174	1,229	-	619	-	250	-
Honeywell Turki-Arabia Limited	15,262	10,255	1,915	-	2,582	-	937	-
Honeywell Middle East B.V.	9,649	2,077	2,337	-	2,440	-	535	-
Honeywell Co., Ltd. (Korea)	9,510	5,919	859	-	109	-	149	-
Other Fellow Subsidiaries	37,642	28,080	6,939	-	3,284	-	3,077	-
<b>Total</b>	<b>76,061</b>	<b>49,505</b>	<b>13,279</b>	<b>-</b>	<b>9,034</b>	<b>-</b>	<b>4,948</b>	<b>-</b>
<b>Purchase of goods, services and fixed assets (including GIT)</b>								
<u>Holding Company</u>								
Honeywell International Inc.	14,035	10,529	-	653	-	1,065	-	1,968
<b>Total</b>	<b>14,035</b>	<b>10,529</b>	<b>-</b>	<b>653</b>	<b>-</b>	<b>1,065</b>	<b>-</b>	<b>1,968</b>
<u>Fellow Subsidiaries</u>								
Honeywell Measurex (Ireland) Ltd.	18,371	12,392	-	1,604	-	1,274	-	672
Honeywell International (India) Private Limited	7,755	7,638	-	985	-	1,219	-	1,201
Other Fellow Subsidiaries	19,771	16,951	-	1,265	-	2,831	-	2,581
<b>Total</b>	<b>45,897</b>	<b>36,981</b>	<b>-</b>	<b>3,854</b>	<b>-</b>	<b>5,324</b>	<b>-</b>	<b>4,454</b>

## Remuneration to Key Management Personnel

(Rupees in lakhs)

	Year ended	
	March 31, 2017	March 31, 2016
Short term benefits	312	272
Post-employment benefits	11	22
Other long-term benefits	14	3
Share-based payments	50	58
Termination benefits	-	-

The Company generates a large percentage of its sales and profits from its business with the Honeywell group (Honeywell), its major shareholder. Sales to Honeywell accounted for approximately 39% and 33% of our total net sales for the year ended March 31, 2017 and year ended March 31, 2016 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****NOTE 31- LEASE TRANSACTIONS****As a Lessee in Operating Lease**

Rentals for office premises, land, building under operating leases of Rs. 2252 (lakhs) [Previous period Rs. 2120 (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, 2017 are as follows:

(Rupees in lakhs)

	<b>Not later than 1 year</b>	<b>Later than 1 year but not later than 5 years</b>	<b>Later than 5 years</b>
Minimum lease payments	1,576 (874)	3,940 (2,347)	872 (936)

Previous year figures are indicated in brackets.

**NOTE 32- EARNING PER SHARE (EPS)**

EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of shares outstanding during the year. The basic and diluted earnings per share have been calculated as under:

(Rupees in lakhs)

	<b>For the year ended</b>	
	<b>March 31, 2017</b>	<b>March 31, 2016</b>
Profit after tax (Rs. in lakhs)	16,945	14,119
Weighted average number of equity shares	8,841,523	8,841,523
Basic/ Diluted earnings per share (Rs.)	191.65	159.69
Face value per share (Rs.)	10	10

## Notes to the financial statements

**NOTE 33- DISCLOSURE IN ACCORDANCE WITH SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

(Rupees in lakhs)

Sr No	Particulars	March 31, 2017	March 31, 2016	April 01, 2015
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period			
	- Principal amount outstanding	115	142	100
	- Interest thereon	26	48	33
ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period			
	- Interest paid in terms of Section 16	-	-	-
	- Delayed principal payments	40	527	717
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	26	23	24
	- Total Interest remaining unpaid out of the above as at the balance sheet date	26	23	24
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	181	158	134
	Outstanding interest at the end of current year	207	181	158

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****NOTE 34 - SHARE BASED PAYMENTS****Employee share option plan of the company**

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

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

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

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

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of HII and historical volatility of common stock of HII. Monte Carlo simulation model is used to derive an expected term which represents an estimate of the time options are expected to remain outstanding. Such model uses historical data to estimate option exercise activity and post-vest termination behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. treasury yield curve in effect at the time of grant.

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

Grant Date	28-Feb-17	25-Feb-16	26-Feb-15	27-Feb-14
Exercise price	\$ 124.99	\$ 103.07	\$ 103.31	\$ 93.44
*Exercise price in equivalent INR	8,106	6,684	6,700	6,060
Expected volatility	18.96%	23.07%	21.55%	23.07%
Option life	5.04	4.97	4.96	4.99
Dividend yield	2.81%	2.92%	1.98%	2.05%
Risk-free interest rate	2.02%	1.29%	1.61%	1.48%
Fair value per share	\$ 16.65	\$ 15.59	\$ 17.21	\$ 16.35
* Fair value per share in equivalent INR	1,080	1,011	1,116	1,060

\* converted into INR using exchange rate 64.85

## Notes to the financial statements

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

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
<b>Restricted stock option</b>						
2011	1,000	25-Jul-14	NA	NA	\$ 89.80	5,824
2011	302	26-Jul-13	NA	NA	\$ 93.97	6,094
2011	700	31-Jul-15	NA	NA	\$ 98.28	6,373
2011	1,107	26-Jul-13	NA	NA	\$ 103.65	6,722
2011	403	26-Jul-13	NA	NA	\$ 103.90	6,738
2011DIV	500	27-Feb-14	NA	NA	\$ 93.97	6,094
2011DIV	670	25-Feb-16	NA	NA	\$ 103.65	6,722
2011DIV	590	26-Feb-15	NA	NA	\$ 103.90	6,738
2016	2,000	29-Jul-16	NA	NA	\$ 106.79	6,925
2016DIV	2,000	29-Jul-16	NA	NA	\$ 115.78	7,508
2016DIV	320	28-Feb-17	NA	NA	\$ 124.99	8,106
<b>Stock options</b>						
2011	3,000	27-Feb-14	26-Feb-24	\$ 93.44	\$ 16.35	1,060
2011	3,500	26-Feb-15	25-Feb-25	\$ 103.31	\$ 17.21	1,116
2011	4,000	25-Feb-16	24-Feb-26	\$ 103.07	\$ 15.59	1,011
2016	2,200	28-Feb-17	27-Feb-27	\$ 124.99	\$ 16.65	1,080

\* converted into INR using exchange rate 64.85

Movements in Restricted Stock Units during the year	Restricted Stock Units	
	2016-17	2015-16
	No of Units	No of Units
Balance at beginning of year	5,272	5,072
Granted during the year	4,320	700
Forfeited during the year	-	500
Vested and issued during the year	1,812	-
Expired during the year	-	-
Balance at end of year	7,780	5,272

## Notes to the financial statements

Movements in share options during the year	Employee stock option plan			
	2016-17		2015-16	
	No of Options	Weighted average exercise price	No of Options	Weighted average exercise price
Balance at beginning of year	10,500	100.97	6,500	100.97
Granted during the year	2,200		4,000	
Forfeited during the year	-		-	
Exercised during the year	2,389		-	
Expired during the year	-		-	
Balance at end of year	10,311		10,500	

## Restricted Stock Units vested and issued during the year

	Number Settled	Issue date
2011	403	26-Jul-16
2011	302	26-Jul-16
2011	1,107	26-Jul-16

## NOTE 35 - CONTINGENT LIABILITIES AND COMMITMENTS

## A) Contingent liabilities

(Rupees in lakhs)

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a)	Income Tax claims against the Company	8,342	10,975	8,259
b)	Excise duty claims against the Company *	75	51	3
c)	Sales tax refunds/claims against the Company*	8,643	7,280	4,665
d)	Customs duty claims against the Company	262	267	262
e)	Claims against the Company not acknowledged as debts	3,498	1,516	1,516

\* Includes demand of Rs 560 Lakhs under Sales tax refunds/claims and Rs 23 Lakhs under Excise duty claims, against the Company, received after 31st March 2017.

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

B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - Rs. 281 (lakhs) [31st March 2016 Rs. 119 (lakhs); 1st April 2015 Rs. 404 (lakhs)]

## Notes to the financial statements

## NOTE 36 - DISCLOSURE AS REQUIRED BY IND AS -37

(Rupees in lakhs)

	Year ended 31st March	Opening balance	Additions	Utilizations	Reversals	Total
Disputed statutory matters (A)	2017	1,000	569	-	-	1,569
	2016	1,000	-	-	-	1,000
Provision for warranty (B)	2017	953	758	694	(101)	1,118
	2016	591	897	535	-	953
Provision for estimated cost to complete on contracts (C)	2017	2,236	739	243	621	2,111
	2016	2,178	1,947	207	1,682	2,236
Total	2017	4,189	2,066	937	520	4,798
	2016	3,769	2,844	742	1,682	4,189

**A** Disputed statutory matters mainly include:

- Provision for disputed statutory matters comprises matters under litigation with Sales Tax and Local authorities.
- The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.  
To the extent the Company is confident that it may have a strong case that portion is disclosed under contingent liabilities.
- The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.

**B** Warranty

Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.

**C** Provision for Estimated Cost to complete on Contracts

A provision for estimated cost to complete on construction contracts is recognized when it is probable that the total contract cost will exceed total contract revenue. The provision shall be utilized as and when the contract gets executed.

## NOTE 37 - EMPLOYEE BENEFIT PLANS

**A** Defined contribution plans

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

(Rupees in lakhs)

Sr no	Particulars	Year ended March 31,2017	Year ended March 31,2016
1	Contribution to employees' superannuation fund	87	91
	<b>Total</b>	<b>87</b>	<b>91</b>

## Notes to the financial statements

**B Defined benefit plans (gratuity and other retirement benefits)**

The Company also provides for gratuity, covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Provident Fund contributions are made to a Trust administered by the Company for its qualifying employees. This defined benefit plans is administered by separate trust that is legally separated from the entity. The board of the trust is required by law and by its trust deed to act in the interest of the fund and of all the relevant stakeholders in the scheme; i.e. active employees, inactive employees, retirees, employers. The board of the fund is responsible for the investment policy with regard to the assets of the fund.

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

Sr. no	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Discount rate	6.95%	7.60%	7.80%
2	Yield on asset based on the Market Value	7.43%	8.50%	9.35%
3	Rate considered for actuarial valuation for PF interest shortfall	8.65%	8.70%	8.75%
4	Salary escalation rate - management staff	8.00%	6.00%	6.00%

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

Total expense recognised in the statement of Profit and loss Account

(Rupees in lakhs)

Sr No.	Particulars	For the year ended	
		March 31,2017	March 31,2016
1	Current service cost	503	415
2	Past service cost	-	-
3	Net Interest cost	59	56
	<b>Component of defined benefit costs recognised in profit or loss</b>	<b>562</b>	<b>471</b>
4	Remeasurement of defined benefit liability :		
5	Return on plan assets (excluding amounts included in net interest expenses)		
6	Actuarial (gain)/ losses arising from changes in demographic assumptions	(88)	(125)
7	Actuarial (gain)/ losses arising from changes in financial assumptions	1,043	15
8	Actuarial (gain)/ losses arising from changes in experience adjustments	(193)	695
9	Return on plan assets (greater)/ less than discount rate	9	(14)
10	Adjustments for restriction on defined benefit asset	-	-
	<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>771</b>	<b>571</b>
	<b>Total</b>	<b>1,333</b>	<b>1,042</b>

The current service cost and the net interest expenses for the year are included in 'Employee benefits expense' in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

## Notes to the financial statements

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

(Rupees in lakhs)

Sr No	Particulars	March 31,2017	March 31,2016
1	Present value of obligation as at beginning of the year	3,894	3,071
2	Current service cost	503	415
3	Interest cost	248	224
4	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	(88)	(125)
	Actuarial (gain)/ losses arising from changes in financial assumptions	1,043	15
	Actuarial (gain)/ losses arising from changes in experience adjustments	(193)	695
5	Curtailement cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(380)	(402)
8	Present value of obligation as at end of the year	5,027	3,893

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

(Rupees in lakhs)

Sr No.	Particulars	March 31,2017	March 31,2016
1	Fair value of plan assets as at beginning of the year	2,487	1,986
2	Interest income	-	-
3	Remeasurement gain/(loss)	(9)	14
4	Expected return on plan assets	189	168
5	Employers' contribution	700	700
6	Benefits payment from plan asset	(359)	(381)
7	Fair value of plan assets as at end of the year	3,008	2,487

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	March 31, 2017	March 31, 2016	April 01, 2015
1	Present value of funded obligation	5,027	3,893	3,071
2	Fair value of plan assets	3,008	2,487	1,986
3	Net liability recognized in the Balance Sheet	2,019	1,406	1,085

**Notes to the financial statements**

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	March 31, 2017	March 31, 2016	April 01, 2015
1	Present value of funded obligation	16,646	13,292	11,541
2	Fair value of plan assets	17,433	12,866	11,226
3	Net liability) recognized in the Balance Sheet	(787)	426	315

Note : There is a net surplus position in PF valuation and however as per the PF trust act, no surplus can be transferred to the company as it is separate from the company, the company would not be accounting for any amount in its books in this position.

**Sensitivity Analysis**

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

1. Sensitivity analysis for each significant actuarial assumptions viz. Discount rate and Salary escalation rate as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes is called out in the table above.
2. The assumptions used in preparing the sensitivity analysis is  
Discount rate at +100 bps and- 100 bps  
Salary assumption at +1 % and- 1%
3. The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed .
4. There is no change in the method from the previous period and the points/percentage by which the assumptions are stressed are same to that in the previous year.

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

(Rupees in lakhs)

Discount rate	March 31, 2017 Present value of Obligation	March 31, 2016 Present value of Obligation
a) Discount rate -100 basis point	5,403	4,041
b) Discount rate +100 basis point	4,452	3,488

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

(Rupees in lakhs)

Salary escalation rate	March 31, 2017	March 31, 2016
a) Salary escalation rate -100 basis point	4,452	3,515
b) Salary escalation rate +100 basis point	5,388	4,006

In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

**Notes to the financial statements**

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

(Rupees in lakhs)

Sr No.	Particulars	March 31, 2017	March 31, 2016	April 01, 2015
1	Insurer managed funds	100%	100%	100%

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

The actual return on plan assets is as follows

(Rupees in lakhs)

Sr. No	Particulars	March 31, 2017	March 31, 2016
a	Actual return on plan assets	180	182

Gratuity fund asset is managed by Life Insurance Corporation of India and the funding ratio of 60% (ie asset over liability ratio of 60% ), which is above average when compared to other companies, actuary don't see any material risk of HAIL unable to meet the Gratuity payments. Also as the fund is set up as a trust, the monies as a part of the trust will not flow back into the company until the last employee of the trust is paid .

**A note on other risks**

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

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

**Longevity Risk:** Since the Gratuity Payment happens at the retirement age, longevity impact is very low at this age.

**Maturity profile of defined benefit obligation:**

(Rupees in lakhs)

Year	Amount
Year -1	351
Year -2	388
Year -3	388
Year -4	339
Year -5	383
Years 6 to 10	1,917

## Notes to the financial statements

## NOTE 38 - CONTRACTS IN PROGRESS

(Rupees in lakhs)

Particulars		March 31, 2017	March 31, 2016
a)	Aggregate amount recognized as contract revenue	93,844	105,603
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.	316,734	292,423
	ii. Amount of customer advances received	382	598
	iii. Amount of retention	365	424
c)	Gross amount due from customers for contract work	27,142	29,356
d)	Gross amount due to customers for contract work	4,779	3,782
e)	(c) - (d)	22,363	25,574

## NOTE 39 - FINANCIAL INSTRUMENT

Categories of financial instrument

(Rupees in lakhs)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Financial assets</b>			
Measured at fair value through profit or loss (FVTPL)			
i) Investment in mutual funds (Basis of Valuation : Level -1 described in Note 2. B)	8,275	7,893	7,596
Measured at amortised cost			
(i) Trade Receivables	50,450	50,909	35,930
(ii) Cash and Bank	57,847	37,158	21,761
(iii) Other financials assets			
(a) Deposits against bank guarantee	1,954	1,714	1,660
(b) Interest accrued on deposits with banks	555	540	421
(c) Security deposits	1,149	1,136	1,222
(d) Earnest money deposits (Net of Provision)	1,075	934	373
<b>Financial Liabilities</b>			
Measured at amortised cost			
(i) Trade payables	55,115	53,580	41,127
(ii) Other financials Liabilities			
(a) Creditors for capital goods	158	114	291
(b) Employee benefits payable	2,205	1,790	1,626
(ci) Unclaimed dividend	23	21	21

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

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

Foreign currency risk management

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

**Unhedged by derivative instruments/or otherwise**

(Rupees in lakhs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
<b>a) Liability - Trade Creditors</b>			
In GBP	4	9	2
(Equivalent approximate in Rs.)	356	903	166
In USD	176	120	85
(Equivalent approximate in Rs.)	11,414	7,968	5,286
In EURO	14	10	7
(Equivalent approximate in Rs.)	968	773	495
In CAD	1	2	2
(Equivalent approximate in Rs.)	28	77	87
In AUD	*	1	*
(Equivalent approximate in Rs.)	3	76	7
In JPY	61	61	3
(Equivalent approximate in Rs.)	35	36	2
In SGD	*	*	*
(Equivalent approximate in Rs.)	*	*	*
In CNY	78	49	27
(Equivalent approximate in Rs.)	731	500	267
In CHF	*	1	*
(Equivalent approximate in Rs.)	13	46	*
In NOK	*	*	*
(Equivalent approximate in Rs.)	*	*	*
In ZAR	-	-	*
(Equivalent approximate in Rs.)	-	-	*
In THB	1	-	-
(Equivalent approximate in Rs.)	2	-	-
In RUB	1	-	-
(Equivalent approximate in Rs.)	1	-	-
In AED	-	-	-
(Equivalent approximate in Rs.)	-	-	-

## Notes to the financial statements

In MYR	-	-	-
(Equivalent approximate in Rs.)	-	-	-
In PHP	7	-	-
(Equivalent approximate in Rs.)	9	-	-
<b>b) Asset - Trade Receivables</b>			
In GBP	1	*	*
(Equivalent approximate in Rs.)	49	26	33
In EURO	3	5	7
(Equivalent approximate in Rs.)	204	346	503
In SGD	-	*	-
(Equivalent approximate in Rs.)	-	5	-
In AED	-	*	2
(Equivalent approximate in Rs.)	-	6	35
In USD	256	210	120
(Equivalent approximate in Rs.)	16,597	13,913	7,491
<b>c) Asset - Bank Balances</b>			
In USD	357	162	71
(Equivalent approximate in Rs.)	23,130	10,733	4,444

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

**Foreign currency sensitivity analysis**

The Company is mainly exposed to the fluctuation in the value of USD and EURO. The following table details the company sensitivity to a 5% increase and decrease in INR against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust there translation at the period end for a 5% change in foreign currency rate.

(Rupees in lakhs)

	March 31, 2017	March 31, 2016	April 01, 2015
<b>USD Impact</b>			
<b>5% Appreciation in USD</b>			
Impact on profit or loss for the year {Gain/(Loss)}	1,416	835	331
Impact on total equity as at the end of the reporting period	1,416	835	331
<b>5% Depreciation in USD</b>			
Impact on profit or loss for the year {Gain/(Loss)}	(1,416)	(835)	(331)
Impact on total equity as at the end of the reporting period	(1,416)	(835)	(331)
<b>EURO Impact</b>			
<b>5% Appreciation in EURO</b>			
Impact on profit or loss for the year {Gain/(Loss)}	(38)	(19)	-
Impact on total equity as at the end of the reporting period	(38)	(19)	-
<b>5% Depreciation in EURO</b>			
Impact on profit or loss for the year {Gain/(Loss)}	38	19	-
Impact on total equity as at the end of the reporting period	38	19	-

**Notes to the financial statements****Credit risk management**

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

**Liquidity risk management**

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

**NOTE 40**

As set out in section 135 of the Companies Act, 2013 the Company is required to contribute/spent Rs. 348 lakhs towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has spent Rs. 348 lakhs (previous year Rs. 303 lakhs) including 9 lakhs (previous year Rs.7 lakhs) toward administration cost.

**NOTE 41**

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

**NOTE 42**

The Company does not maintain any cash balance at any point in time. Accordingly, the requisite disclosures as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016; are not made in the financial statements.

**NOTE 43**

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

**NOTE 44**

The financial statements were approved for issue by the board of directors on May 25, 2017.

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**For and on behalf of the Board**

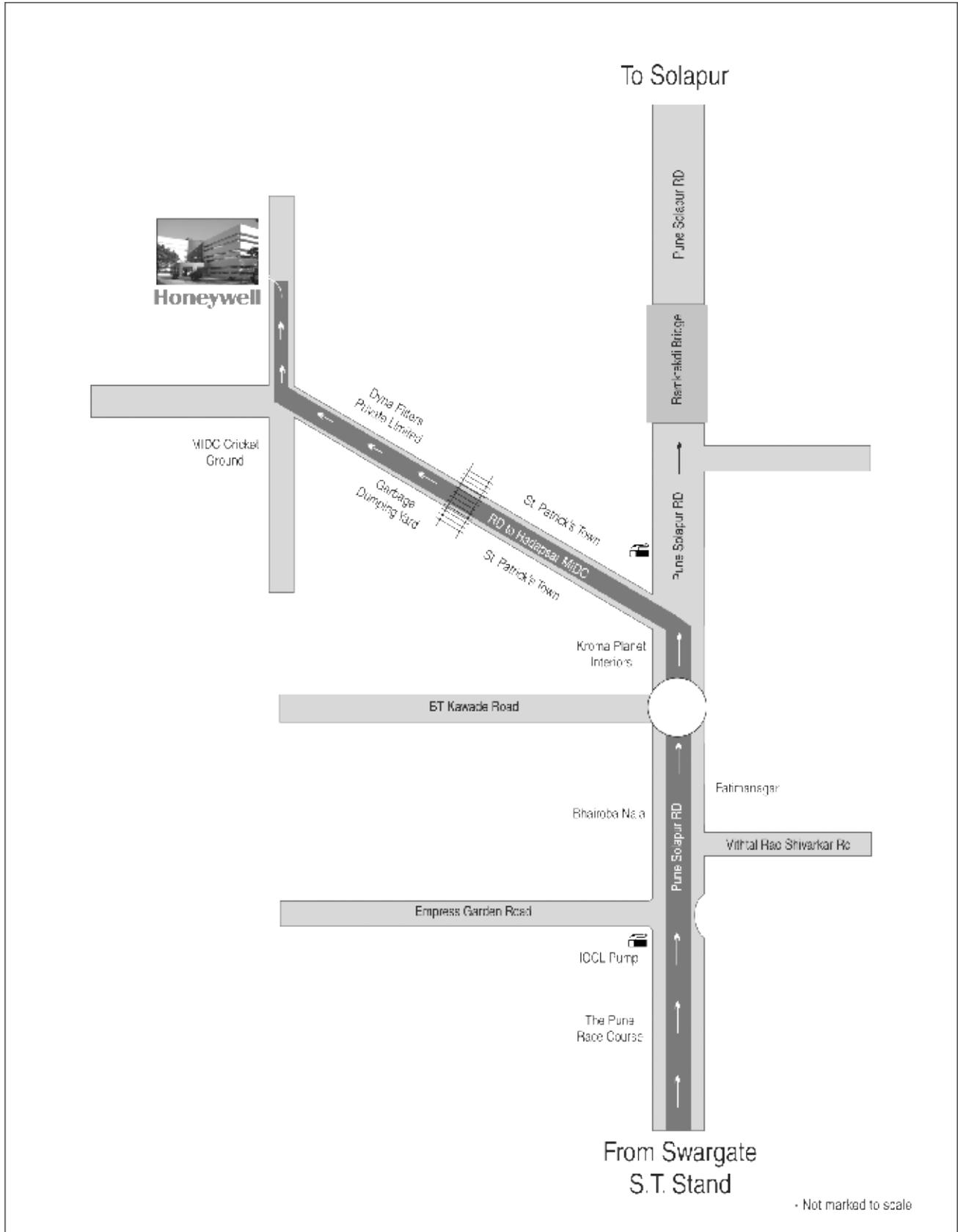
**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**R Ravichandran**  
Chief Financial Officer

Place : Gurugram  
Date : May 25, 2017



- Not marked to scale

# HONEYWELL AUTOMATION INDIA LIMITED

CIN: L29299PN1984PLC017951

Regd. Office: 56 & 57, Hadapsar Industrial Estate, Pune - 411 013 | Phone: +91 20 66039400, Fax: +91 20 66039800

E-mail: HAIL.InvestorServices@Honeywell.com | Website: https://honeywell.com/country/in/Pages/hail.aspx

## ATTENDANCE SLIP

(To be presented at the entrance duly signed)

--

I hereby record my presence at the 33rd ANNUAL GENERAL MEETING of the Company at Honeywell Automation India Ltd., 56 & 57 Hadapsar Industrial Estate, Pune 411 013 at 4.00 p.m. on Wednesday, August 9, 2017.

SIGNATURE OF THE ATTENDING MEMBER / PROXY : \_\_\_\_\_

### ELECTRONIC VOTING PARTICULARS

Electronic Voting Event Number (EVEN)	User ID	Password

Note – Please refer to the instructions printed under the Notes to the Notice of 33rd ANNUAL GENERAL MEETING. The company has engaged NSDL to provide e-voting facility. The e-voting period begins on August 6, 2017 (9:00 am) and ends on August 8, 2017 (5:00 pm).

# HONEYWELL AUTOMATION INDIA LIMITED

CIN: L29299PN1984PLC017951

Regd. Office: 56 & 57, Hadapsar Industrial Estate, Pune - 411 013 | Phone: +91 20 66039400, Fax: +91 20 66039800

E-mail: HAIL.InvestorServices@Honeywell.com | Website: https://honeywell.com/country/in/Pages/hail.aspx

## 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

- Name :  
Address :  
E-mail Id :  
Signature : \_\_\_\_\_ or failing him
- Name :  
Address :  
E-mail Id :  
Signature : \_\_\_\_\_ or failing him
- Name :  
Address :  
E-mail Id :  
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Wednesday, August 9, 2017 at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune 411 013 at 4.00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

### Ordinary Business:

- Adoption of the Audited Financial statements for the financial year ended March 31, 2017 and Directors' Report and Auditors' Report thereon.
- Declaration of dividend @ ₹ 10/- (100%) per equity share of ₹ 10/- each for the financial year ended March 31, 2017.
- Appointment of Ms. Tina Pierce as Director, who retires by rotation and is eligible for reappointment.
- Ratification of appointment of M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) as the Statutory Auditors.

### Special Business

- Approval for Related Party transactions/arrangements with Honeywell International Inc, Honeywell Measurix (Ireland) Limited and Honeywell Turki-Arabia Limited.
- Approval for payment of commission to Directors or some or any of them (other than the Managing Director / Executive Director(s))

Signed this ..... day of ....., 2017

Signature of the shareholder : \_\_\_\_\_

Signature of Proxy holder(s) : \_\_\_\_\_

Signature across the 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. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 33rd Annual General Meeting.



Honeywell Automation India Limited  
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THE POWER OF **CONNECTED**