
HONEYWELL AUTOMATION INDIA LIMITED

ANNUAL REPORT 2020 - 21



THE
FUTURE
IS
WHAT
WE
MAKE IT

Honeywell

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Chartered Accountants

Bankers

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DR. GANESH NATARAJAN

Independent Director
(Non-Executive) and Chairman of
the Board of Directors, Honeywell
Automation India Limited

FROM THE CHAIRMAN'S DESK

Dear Shareholders:

I am delighted to connect with you! These are trying times and I sincerely hope that you and your family members are safe and healthy.

We have all gone through – and survived – one of the most challenging years in recent history. The pandemic, which unfolded last year, has wreaked havoc across the world. India went into total lockdown in March 2020 and the impact was felt immediately. The country's GDP contracted in the first two quarters of FY 2020-21 driven by the nationwide lockdown and moderation in economic activities globally. However, with the gradual decrease in COVID-19 cases from October 2020 onwards, the economy bounced back to growth in third and fourth quarter. Almost all macro indicators had shown steady recovery between September and March 2021. However, the second wave of the pandemic impacted the pace of recovery.

Last year was a difficult year for most companies around the world. This holds true for your Company as well. However, under the leadership of a capable management team, your Company was quick to pivot and find opportunities to not only tide over a tough year, but also solve for some of the challenges thrown up by the pandemic. Your Company empowered customers with technology offerings that enabled them to continue operating optimally with reduced onsite staff. We fast-tracked development and deployment of technologies that helped enforce guidelines around safety and security in public spaces and commercial establishments. Importantly, your company demonstrated urgency and agility in establishing a production line for N95 respirators in Pune to equip frontline healthcare workers – despite the entire country being in lockdown mode. Some of the solutions that your Company brought to market will help build confidence among the public as we look at re-emerging from the second wave and resuming economic activities.

Non Nascor Mihi Solum - Live not for self alone. Moved by the plight of thousands of displaced and migrant families, your Company mobilised resources to distribute food and hygiene kits across nine cities. Understanding the criticality of preventive measures in stemming the spread of the virus, we partnered with the Government to distribute multi-lingual, illustrated educational material on the importance of hand-washing and social distancing in rural and peri-urban areas. As the impact of the second wave became evident, we worked with local and state authorities to build and hand over COVID-19 care centers and ICUs across multiple cities and towns. We will continue to find ways to help those who are less privileged but certainly not less deserving.

It would be incorrect to say that the end of this pandemic is in sight since there is still so much that is unknown to us. With the resilience and dedication of the leadership team, your Company will overcome these turbulent times. On your behalf, I would like to acknowledge the tremendous efforts of your Company's employees at all levels and thank them for their hard work, dedication and continued commitment. I would also like to thank our customers, suppliers, bankers, and financial institutions.

Last but not the least, on behalf of Board of Directors of Honeywell Automation India Limited, I want to thank you for your continued trust, confidence, and support.

Dr. Ganesh Natarajan
Chairman & Independent Director



ASHISH GAIKWAD

Managing Director, Honeywell
Automation India Limited and
VP-GM, Honeywell Process
Solutions India

FROM THE MANAGING DIRECTOR'S DESK

Dear Shareholders:

Your Company has completed 37 years in India. During these years, your Company has evolved into a trusted brand. From a fledgling entity serving customers in the process industry and commercial buildings with a limited automation portfolio, we have now transformed into a significant company with a large and diversified portfolio – among top 100 companies by market capitalisation, serving the government and private sectors in India and overseas. This has been an exciting journey and I have been fortunate to serve the Company during these years.

FY2020-21 was a tough year for most, including your Company. The after-effects of a strict-but-necessary countrywide lockdown and a slowdown in the global economy impacted us. Overall revenue from operations in FY2020-21 was INR 3,043 crore, registering a year-over-year decline of 7.5%. The Company's profit after tax was INR 460 crore. Cost of goods sold, including excise duty, was 50.3% of sales against 49.9% in the previous year. However, your Company delivered a return of 15.1% on sales as against 14.9% in the previous year.

On a positive note, your Company showed tremendous agility and foresight by quickly pivoting to take actions that addressed challenges posed by the COVID-19 pandemic. The Company's topmost priority was to provide uninterrupted services to the mission-critical operations of our customers. At the same time, we needed to ensure the well-being of our employees. Your Company achieved both by meticulous planning, deploying remote services for customers, enabling employees with IT infrastructure to a work-from-home arrangement, and ensuring their well-being. Employees who had to brave the situation and be at their work locations were completely supported by your Company to ensure a safe environment onsite and while commuting and travelling. The Company also implemented several employee programs to assist them during this challenging period by helping them meet their medical, financial, and family needs. Beyond customer and employee services, your Company also focused on the needs of the community. Realising the urgent need to equip the country's frontline workers and COVID-19 warriors, your Company installed a world-class production line for N95 masks at our Fulgaon

facility in Pune in record time. This was also done in response to the Indian Government's Atmanirbhar Bharat mission. The FF2400 flat-fold disposable mask is a truly "Make in India" mask, with raw material completely sourced in India, and supporting additional Indian businesses that are part of the supply chain. The mask is BIS P2 and NIOSH N95 certified.

Responding to needs arising from the strict lockdown, your Company rolled out several offerings for our industrial and commercial buildings customers to enable them to continue their operations remotely. Your Company offered effective remote engineering solutions, remote factory acceptance test set-ups, remote site-commissioning solutions, and remote maintenance solutions. This eliminated the need for a large number of their operations personnel to crowd in a confined room and avoid contagion. All this was done using Honeywell's leading industrial technology and software applications. This also accelerated our customers on their digital transformation/Industry 4.0 journey. Additionally, we offered our Cybersecurity solution to protect our customer's digital infrastructure and data. Your Company innovated and offered the Honeywell Healthy Buildings solutions, which make commercial buildings and workplaces safer and healthier for occupants and users. Continued Government spending on the country's core infrastructures such as airports, metros, railways, ports, Smart Cities, large-scale data centers, etc., are opportunities for such value-added services. Your Company is well positioned to align with this growing need in the country.

Over the last few years, your Company has focused to grow the business in the pharma and life sciences industry. The pandemic showed that our foresight was not misplaced. Your Company has a strategic approach to grow in this industry by building a differentiated portfolio relevant to the Indian customer's needs. Our portfolio of products, software, and solutions align well across the value chain of the pharma and life sciences sector – from R&D for vaccine and drugs discovery to manufacturing, packaging, distribution, and tracking. Our integrated hardware and software solutions enable pharmaceutical manufacturers to meet their key goals – operational excellence, productivity, safety, regulatory compliance, and data driven decision making. The steady growth of this sector coupled with rapid adoption of automation and digitalisation solutions by pharmaceutical companies provides an attractive opportunity for your Company to become a trusted automation and digitalisation partner for the sector in our country.

The pandemic also put a spotlight on the need for a sustainability agenda. India is facing a higher demand for sustainable solutions that address energy optimisation, natural gas transmission and distribution, renewable energy, and water conservation. Working with global Honeywell experts and powered by Honeywell's leading technologies, your Company is well placed to address these new growth areas. Looking ahead, we are hopeful and excited about post-pandemic opportunities. Your Company is working tirelessly to help customers face new challenges and stay ahead. This will enable your Company to continue our journey to pursue profitable growth and increased shareholder value.

Finally, on your behalf, I would like to express my sincere gratitude towards the Company employees and appreciate their resiliency. They have gone above and beyond their responsibilities to ensure uninterrupted operations, delivering on our customer commitments and business priorities. While doing so, they also supported colleagues and their families during this difficult time. They are our COVID-warriors. With your continued support, and our collective efforts I am confident that we shall emerge stronger and be known as one of the best socially-responsible software industrial companies.

With best wishes,

Ashish M. Gaikwad
Managing Director

OUR BOARD OF DIRECTORS



**DR. GANESH
NATARAJAN**

Independent Director and
Chairman of the
Board of Directors



NEERA SAGGI

Independent Director



ASHISH GAIKWAD

Managing Director and VP-GM,
Honeywell Process Solutions
India



DR. AKSHAY BELLARE

Non-Executive Director
and President,
Honeywell India



ASHISH MODI

Non-Executive Director
and VP-GM, Honeywell
Building Technologies,
India, ASEAN, Korea



ATUL PAI

Non-Executive Director
and VP, Enterprise Controller
Operations, Honeywell Global
Finance Center

OUR **OUR KEY MANAGERIAL PERSONNEL (KMP)**



Ashish Gaikwad
Managing Director



Amit Tantia
Chief Financial Officer



Farah Irani
Company Secretary

OUR **MANAGEMENT TEAM**



Ritwij Kulkarni
Building Solutions



Anurag Anand
Building Management
Systems



Dipankar Routray
Global Services



Gajanan Lahane
Global Manufacturing



Anand Pandey
Advanced Sensing
Technologies



Amit Pandey
Legal



Mahesh Joshi
Human Resources

GOLDEN PEACOCK AWARD FOR CORPORATE SOCIAL RESPONSIBILITY

Honeywell Automation India Limited (HAIL) wins Golden Peacock Award for Corporate Social Responsibility

HAIL was recognised with a Golden Peacock award for its sincere efforts to promote STEM (Science Technology, Engineering and Math) education among students from low- and middle-income groups and providing access to safe water for rural communities. HAIL won Golden Peacock National Award for Corporate Social Responsibility, under the 'Engineering' Category. The award recognized the company's CSR interventions, which touch the lives of over 2 million people across 46 districts in India. On behalf of HAIL, the award was received by Mr. Ashish Gaikwad, Managing Director, HAIL.

Honeywell Hometown Solutions India Foundation (HHSIF), CSR arm of Honeywell, supports STEM education through the Honeywell Center for Advancing Girls in Science at Avasara Academy at Pune and in the process of expanding its reach by imparting training in the deep science subjects for rural students of higher education in Maharashtra, Karnataka and Tamil Nadu. Through this, HHSIF aims to positively impact the career and lives of more than 5000 students every year. Recently, Honeywell announced its partnership with the 'Society for Innovation and Development' at the Indian Institute of Science, Bengaluru, to fund start-ups in deep science. The company has a long-standing partnership with Safe Water Network, with whom it has built 185 safe water stations in the areas of Telangana and Maharashtra that suffer groundwater contamination. Honeywell was among the first companies to promote child safety in schools through its CSR programs.

Over the years, Honeywell Hometown Solutions has brought many of its iconic, and highly recognized global CSR programs to India, including 11 Nobel laureate visits to partner colleges, sponsoring the education of hundreds of employees' children and teachers to space camps and green boot camps in the U.S. In 2014, Honeywell India took the lead in re-anchoring the CSR approach guided by the Indian Government's new Companies Act 2013. Honeywell Hometown Solutions India Limited is among the first companies to comply with the government's CSR schedule, maintaining the legal, financial, and process rigor that Honeywell is known for globally.



Golden Peacock Awards, instituted by the Institute of Directors (IOD), India in 1991, are regarded as a benchmark of Corporate Excellence worldwide and recognizing the efforts of HAIL in the CSR segment reaffirms its commitment to improving the world by creating, supporting, and nurturing outstanding CSR programs that make a real, sustainable, and measurable impact on communities that Honeywell serves.







SOCIAL GOOD

Honeywell demonstrates its commitment to Corporate Social Responsibility (CSR) and community involvement through unique global programs that emphasize science, technology, engineering, and mathematics (STEM) education, inclusion and diversity, and humanitarian relief. In some regions, child and family safety are also strong components of our CSR agenda. Our programs have delivered significant and meaningful results in communities around the world.

HIGHLIGHTS FROM KEY INTERVENTIONS OF HAIL DURING 2020-21:


Honeywell Hometown Solutions (HHS), Honeywell's corporate citizenship initiative across the world, has robust CSR programs, through which the company envisions to create lasting impacts on its communities. Honeywell, as a responsible corporate is committed to build technologies and envisage solutions, which aim to build a world that's safer, secure, energy-efficient, innovative, and productive. Drawing spirit from this commitment, the CSR programs of HHS focus on five areas: Family Safety & Security, Housing & Shelter, Science & Math Education, Habitat & Conservation, and Humanitarian Relief.

HAIL is one of the major contributors of the CSR funding of Honeywell Hometown Solutions India Foundation (HHISF) and in this context, the major part of the interventions from HHISF were school outreach programs such as creating safe schools, implementing Science Experience Programs, organising fire safety training, establishing models for disaster mitigation and preparedness in schools and communities among others. The primary beneficiaries of most of these programs were students and all were being implemented in and around their respective schools. A brief introduction to the programs and key highlights of these interventions during 2020-21 are as the following;



Safe Kids at Home is a home safety program, in collaboration with Safe Kids Foundation. The program focuses on burns and scald injuries among children under 14 years in Pune. Safe Kids at Home has taught children and parents in Pune to be fire-safe. The program engages citizens and civic bodies to make Pune a model safe city.

Honeywell Safe Water Network Initiative in collaboration with Safe Water Network is setting up safe water stations in rural Telangana and districts of Maharashtra, in regions that suffer groundwater contamination from fluorides. Safe water access reduces incidences of skeletal fluorosis, a debilitating condition that causes teeth mottling, stunting, bending of spine, and loss of productivity.



Honeywell Science Experience with Agastya International Foundation is a hands-on science education program for economically disadvantaged students and teachers. Honeywell Science Experience had established science centres, mobile science labs, and young instructor leaders or student mentors across Delhi, Faridabad, Noida, Gurugram, Mysore, Madurai, Chennai, Hyderabad, Bengaluru, and Pune benefitting students and teachers across all centres and mobile labs.

Honeywell Safe Schools implemented by Sustainable Environment and Ecological Development Society (SEEDS), takes comprehensive approach to school safety. It seeks to ensure that children go to school without fear, remain safe in school, and return home safely. This is a pioneering school safety program that brings a tailor-made approach to address the unique issues of each school or location involving structural assessment of each school by engineers and architects; evaluation of risk perception; and examination of preparedness in the face of any natural or manmade disaster.

