



Honeywell Automation India Limited Investor Presentation

December 2012

Honeywell

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Section 1

Honeywell Automation India Limited (HAIL) overview

Honeywell Automation India Limited - Introduction

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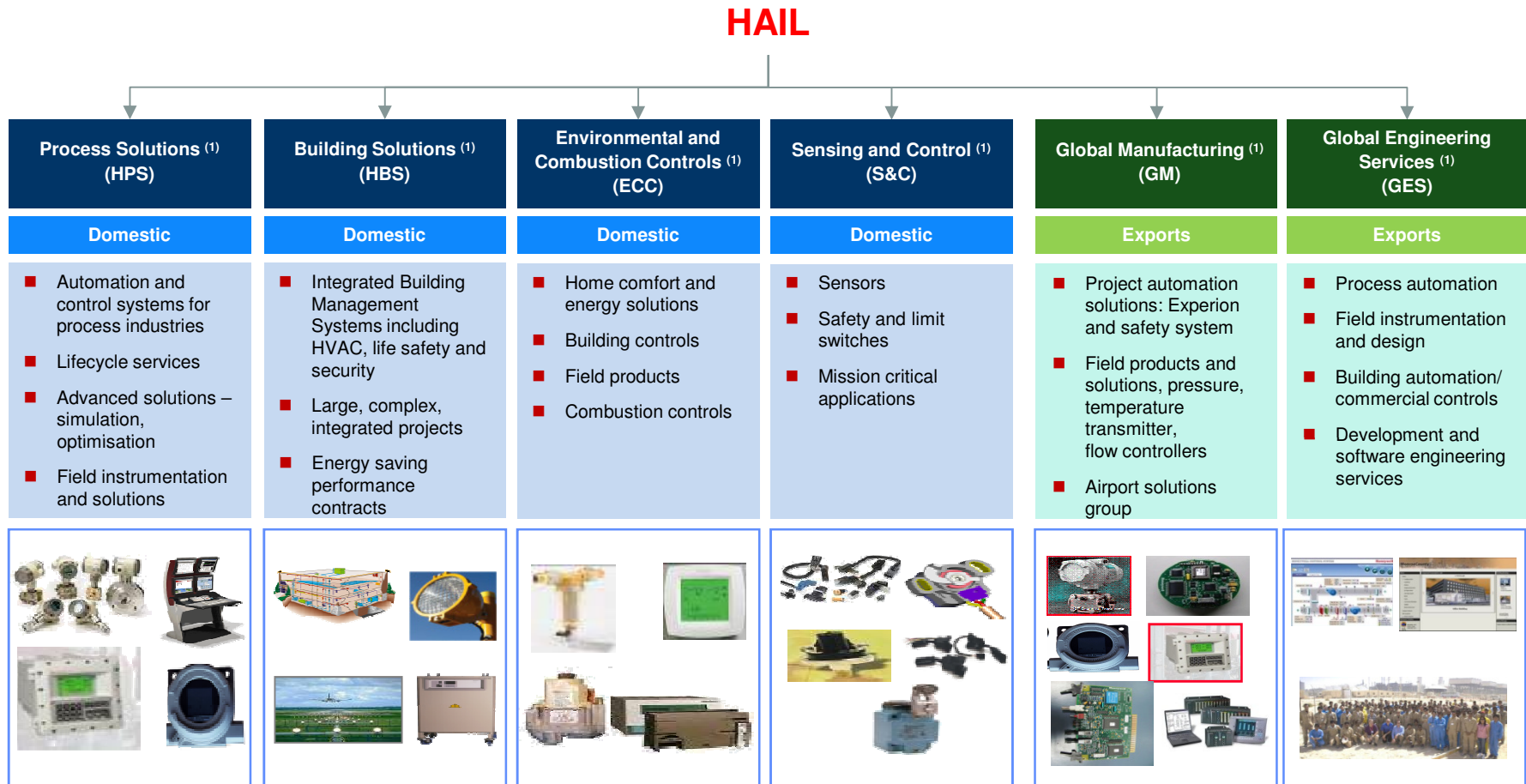
Honeywell International Inc. (HON)

- Honeywell is a \$36.5bn diversified technology and manufacturing company
- Globally business organized around 4 strategic business groups (SBGs) – Automation and Control Solutions (ACS), Aerospace, Performance Materials and Technologies (PMT) and Transportation Systems (TS) with all SBGs present in India
- ACS largest SBG globally, with 7 strategic business units (SBUs) – Process Solutions (HPS), Building Solutions (HBS), Environmental and Combustion Controls (ECC), Sensing and Control (S&C), Security Group (HSG), Life Safety (HLS), and Scanning and Mobility (HSM)

Honeywell Automation India Limited (HAIL)

- 1987: Started as a JV between Honeywell and Tata
- 1989: Listed on the stock exchange as Tata Honeywell Limited. Honeywell and Tata shareholding at 39.54% each
- 2004: Honeywell Asia Pacific Inc. (wholly owned subsidiary of Honeywell International Inc.) bought Tata stake
 - ❑ Name changed to Honeywell Automation India Limited
 - ❑ Honeywell Asia Pacific Inc. current shareholding at 81.24%

HAIL business overview

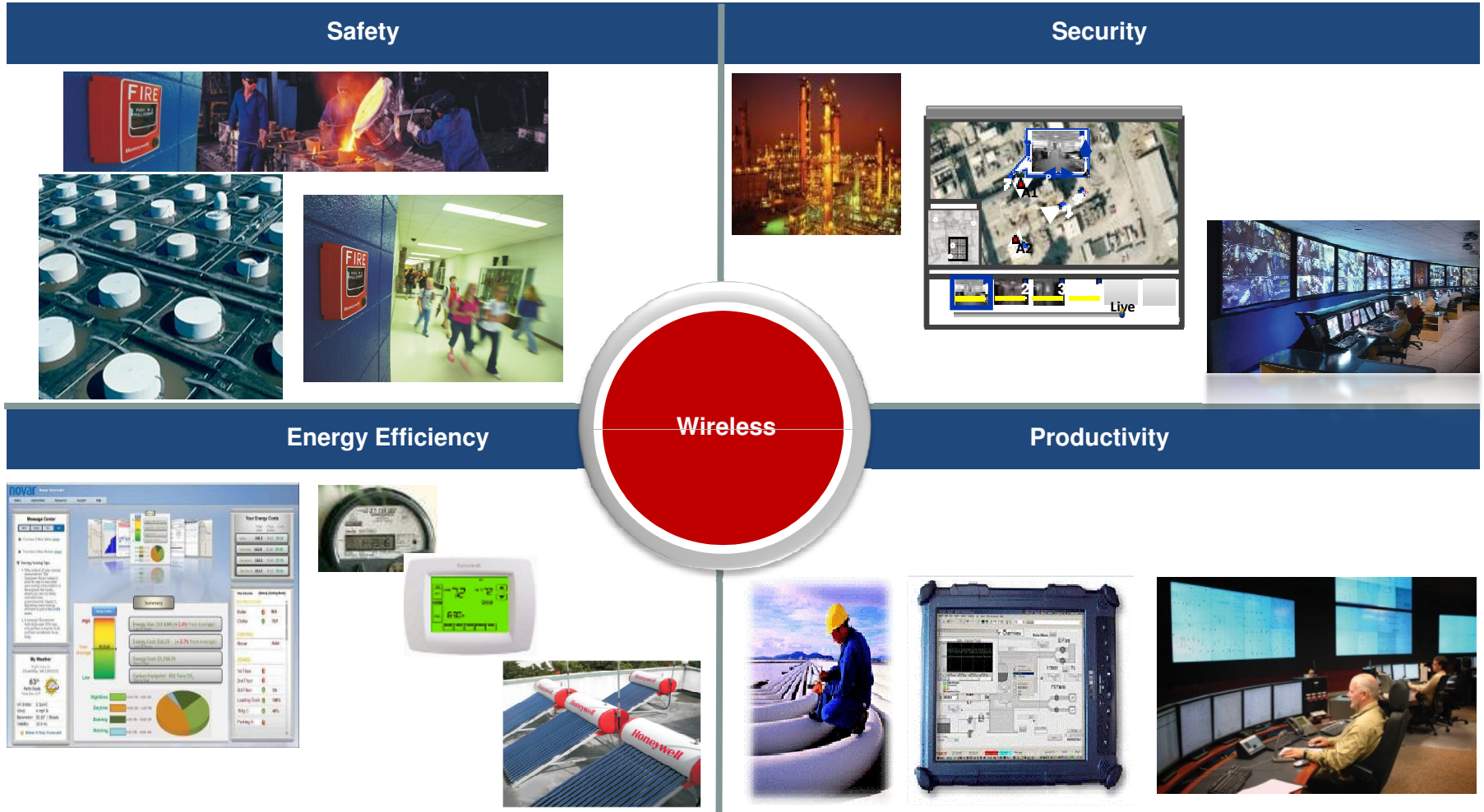


Building on Diversified Portfolio for Business Growth

1. The maintenance and growth of Honeywell's business with HAIL is dependent upon HAIL's ability, among other things, to meet Honeywell's performance, delivery and pricing requirements and Honeywell's strategies regarding the use of alternate opportunities to source the products and services that HAIL currently provides (including from alternate sources which Honeywell may acquire or develop within its own group), in all cases consistent with the contractual obligations of the parties as they may exist from time to time

Aligned to global macro trends

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HAIL Well Aligned with Strong Macro Trends

Section 2

Business highlights

Well positioned to benefit from India and global growth

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Great Positions in Good Industries







Strong track record in India across business areas

Global manufacturing exports

Global engineering services

HAIL: Unique Listed Company with a Diversified Automation Portfolio

Great Positions in Good Industries

Industry		Sub-verticals served	Business segments	HON global position ⁽¹⁾
Oil and Gas		<ul style="list-style-type: none"> E&P, refining, supply and distribution, LNG and gas processing, gas distribution, city Gas 	Process Solutions	2
Chemical / Petrochemical		<ul style="list-style-type: none"> Petro-chemical, bulk and speciality chemicals, cement, fertilizer 	Building Controls	1
Metals and Mining		<ul style="list-style-type: none"> Iron ore, Steel, Aluminium, Copper, Zinc, minerals 	Building Solutions	2
Infrastructure		<ul style="list-style-type: none"> Airports, metro, stadia 	Home Comfort Controls	1
Commercial Construction		<ul style="list-style-type: none"> IT/ITES, datacenters, BFSI, hotels and hospitality, offices, malls, education 		
Residential		<ul style="list-style-type: none"> Gated apartments and houses, residential retro-fit 		

HAIL Building on HON Global Leadership in Good Industries

1. Source: Honeywell Inc. Investor Presentation (March 2012)

Strong track record across business areas

Businesses	Description	Industries served	Customers served
Process Solutions (HPS)	<ul style="list-style-type: none"> Large number of sites delivered Annual services contracts with most of the sites delivered Leading providers of industrial process automation with full portfolio: projects, services, software, field solution and products Serve customers directly and through channels 	<ul style="list-style-type: none"> E&P Refining Petrochemical Chemicals Power Metals and mining Pharma Pulp and paper 	<ul style="list-style-type: none"> OPAL Reliance NOCL IOCL HPCL Vedanta
Building Solutions (HBS)	<ul style="list-style-type: none"> Completes large number of installations annually with substantial multi-site installations Services contracts annually Annual energy performance contracts Leading provider of building automation solutions with a comprehensive portfolio of security, safety, environmental controls and energy efficiency 	<ul style="list-style-type: none"> Infrastructure Government Education Airport Commercial Transportation (Metros) Telecom Residential 	<ul style="list-style-type: none"> Kolkata Airport TCS CTS Delhi Airport (DIAL) AIIMS Sahyadri Hospital Mumbai Stadia Dr. Reddy's Laboratories
Environmental and Combustion Controls (ECC)	<ul style="list-style-type: none"> Building Management Systems installations since launch in 2006; multi-brand multi-channel approach Wide variety of field products – valves, actuators, BTU meters New drive into solar water heaters for commercial and residential Pan-India distribution and customer support network 	<ul style="list-style-type: none"> Residential Infrastructure Government Education Airport Commercial Transportation Industrial 	<ul style="list-style-type: none"> ITC Hotel Formula 1 ESIC Hospitals
Sensing and Control (S&C)	<ul style="list-style-type: none"> Engaged with leading off-highway / construction equipment manufacturers Pursuing multiple programs with many defense and aerospace agencies Offering sensors and switches with extreme duty applications and a globally proven track record Pan-India distribution and customer support network 	<ul style="list-style-type: none"> Transport Aerospace Defense Medical Industrial Test and Measurement 	<ul style="list-style-type: none"> Mahindra & Mahindra Kirloskar Oil Engines

All 4 Domestic Businesses Aligned and Strongly Connected to Global Strategic Business Units (SBUs)

Section 3

Strategy and investment highlights

HAIL: Continuing to build on strong track record



Well-balanced portfolio with strong track record for growth

Multi-brand and multi-channel approach for broad coverage

Strong reach across India

Strong support from Honeywell driving innovation

Best-in-class management team and people capabilities

High level of corporate governance with socially responsible behavior

Build on Global Connections; Lead Local Segments

Well-balanced portfolio with strong track record of growth



Balanced revenue mix across projects, products and services...

- Services (domestic and exports)
 - Annual and spot service support for installed base in industrial and buildings
 - Diversifying beyond hardware solutions to cutting-edge software and remote management platforms
 - Continuing to diversify and deepen Global Engineering Services expertise
- Products (including global manufacturing)
 - Addressing mid-markets through channels
 - Large reach across India
 - Wide portfolio of products and platforms from Honeywell
- Projects
 - Building strong and large installed base in process and building space
 - Leading position in core verticals - refining, petrochemicals, airport, telecom, information technology, datacenters, hospitality, healthcare

... with a healthy growth rate



- In 2005, majority of the revenues was contributed by Projects business with substantially smaller contribution coming from Services and marginal contribution by Products business



- The revenue mix has evolved over the years with Services and Products businesses growing faster than Projects business



- Services now represent a sizeable portion of overall business and Products business has also increased its share in the mix

Revenue Composition Changing in Favor of More Stable Products and Services Businesses

Strong reach across India

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Strong coverage and employee base

- 25 years in India
- 8 regional offices
- Employee base of more than 3,000 people with majority of them contributing to the engineering talent pool of the company
- Sales and channel presence across all major cities in India, which is further supported by the sales and channel presence of HON in India

Two channel types: System Integrators (SIs) and Distributors

- Best-in-class training and support for SIs
- Business and technical support for SIs and distributors
- Strong management and business framework to enhance share of demand and HAIL margins from channel relationships

Channel coverage for both industrial and buildings

- Industrial: Large portfolio of SIs and distributors
- Buildings: Substantially high number of SIs and distributors
- Further access to a very large portfolio of SIs and distributors through other HON companies in India

Broad Coverage and Presence Across India

High level of corporate governance with socially responsible behavior



Corporate governance standards adopted by HAIL

- ✓ HAIL has an Independent Non-Executive Chairman and one-third of the total board as Independent Directors
- ✓ All transactions covered under related party transactions are regularly ratified and/or approved by the Board
 - Independent auditors assess arm's length contracts based on international transfer pricing guideline best practices
- ✓ Strong and consistent compliance with all internal and external audit requirements
- ✓ Robust whistle blower policy
- ✓ Management controls risks through properly defined risk management procedures and framework

Corporate Social Responsibility (CSR) initiatives aligned to Honeywell Hometown Solutions

- ✓ Habitat and Conservation
- ✓ Housing and Shelter
- ✓ Humanitarian Relief Fund
- ✓ Family Safety and Security
- ✓ Math and Science



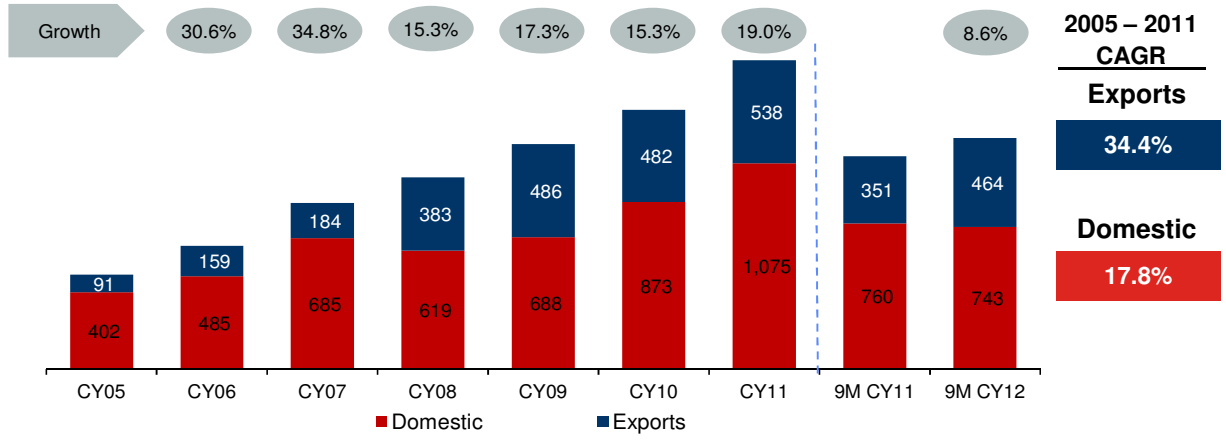
Strong Governance; Responsible Corporate Citizen

Section 4

HAIL's financial overview

HAIL's well balanced revenue profile

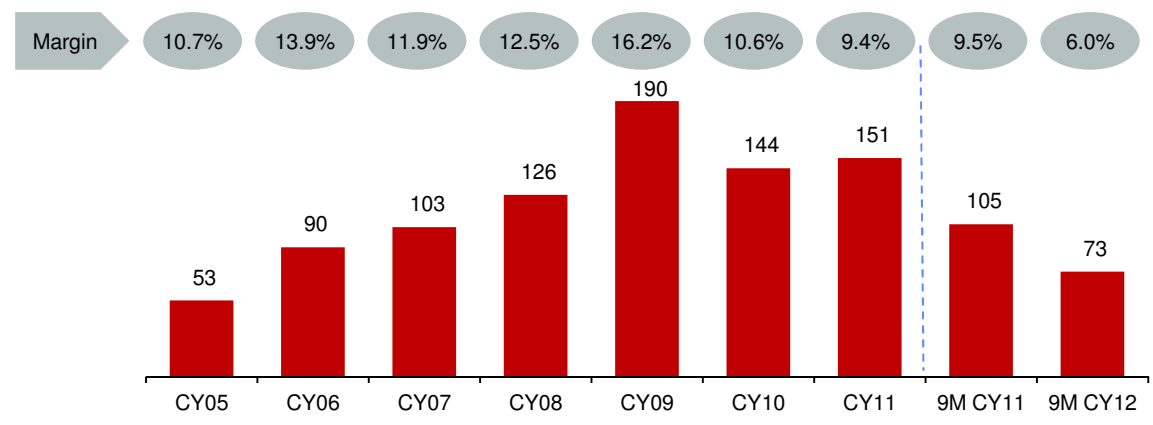
Evolution of revenue mix (INR cr)



■ Sustaining strong revenue growth in both exports and domestic segments

■ Competitive pricing in services business and projects impacted revenue and margin in 2010

EBITDA (INR cr)



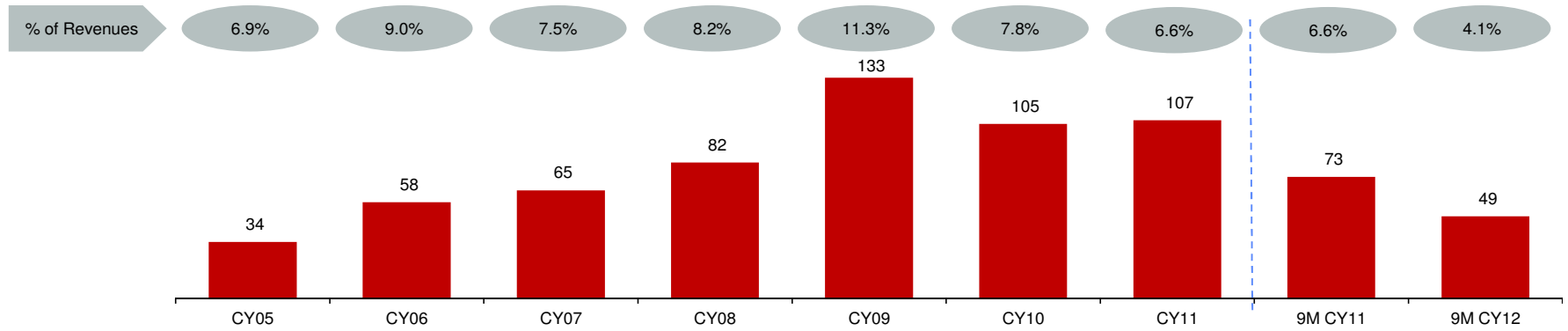
■ 9M CY2012 performance impacted due to:

- slowdown in capex cycle
- changes to billing rate as announced in December 2011
- cost inflation and adverse FX trends resulting in higher cost against project estimates

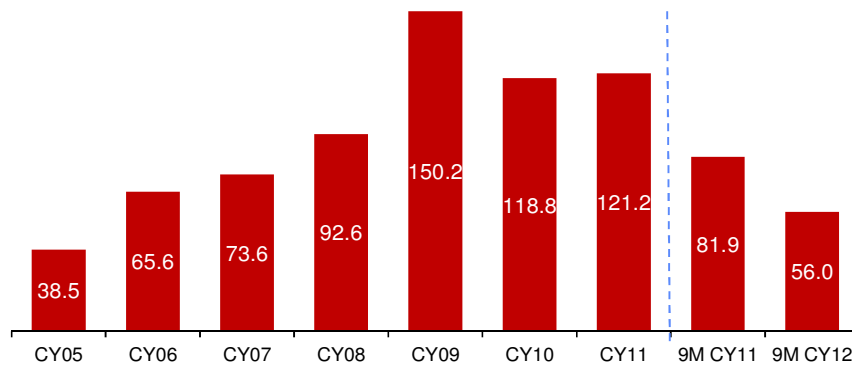
Strong Growth Performance

Profitability and dividend pay-out matrix

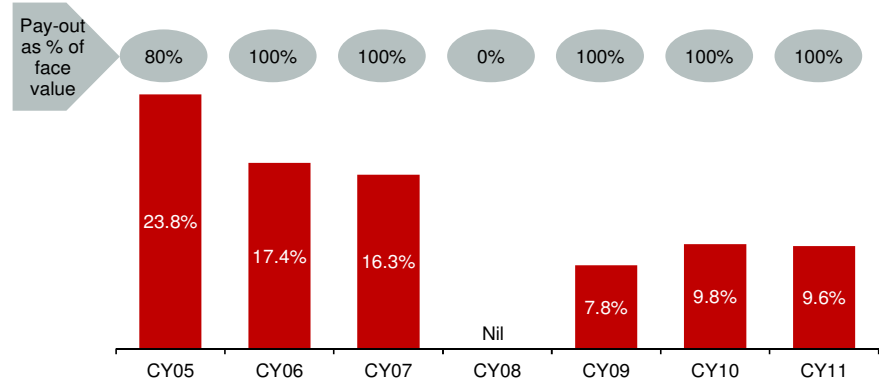
Net Income (INR cr)



EPS (INR per share)



Consistent dividend pay-out⁽¹⁾ track record

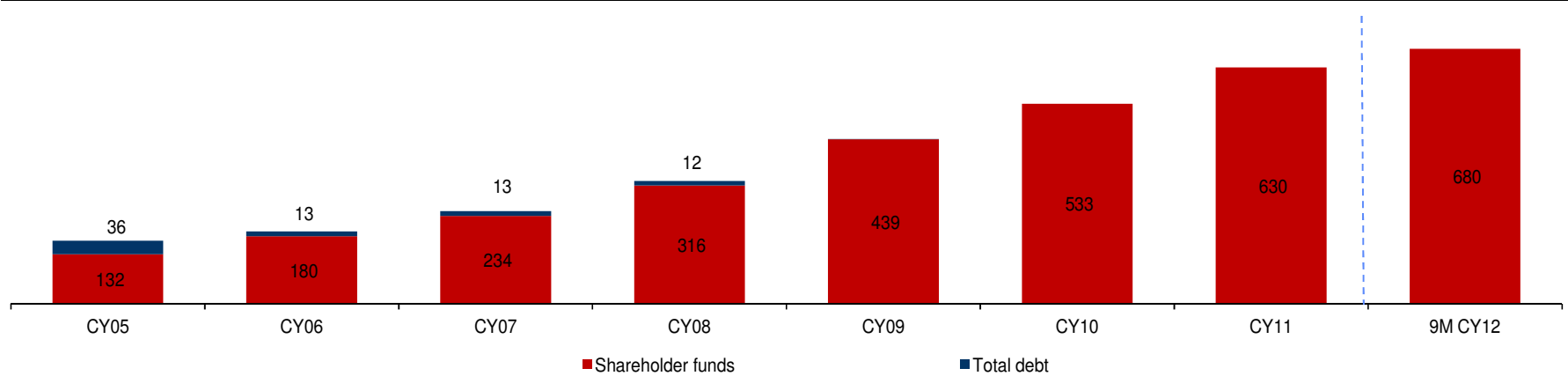


Consistent profitable performance with dividend pay-out track record

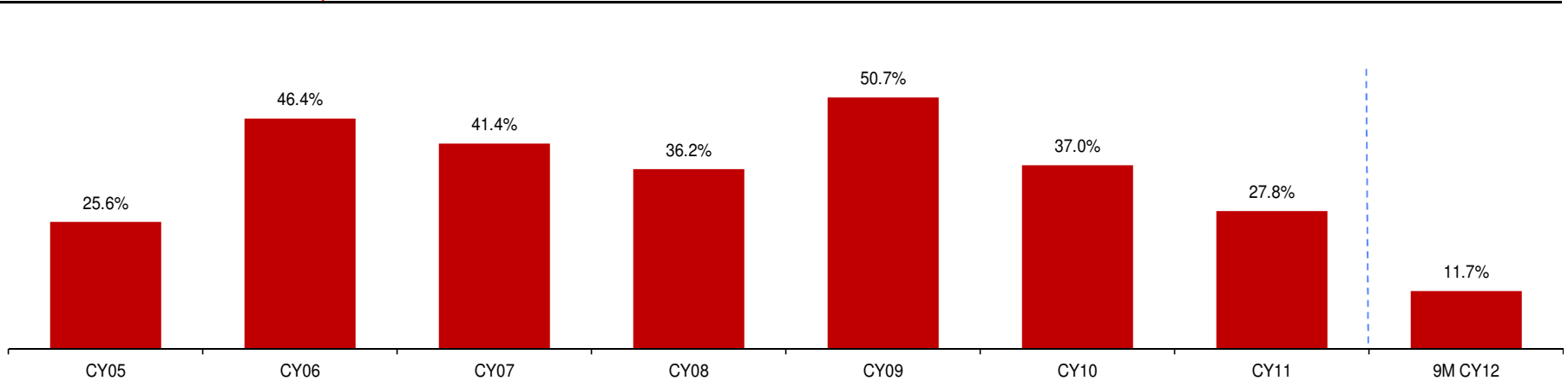
1. Dividend as a % of Profit after Tax

Strong balance sheet position with attractive return ratios

Total Capital (INR cr)



Pre-tax Return on Invested Capital (1) (2)



Strong Balance Sheet, With ~25% of Equity in Cash

1. Calculated as EBIT / (Net Fixed Assets + Net Working Capital); Net Working Capital is Net Current Assets less Cash and Bank Balances and less Provisions
2. 9M CY2012 RoIC is based on 9 months EBIT

Summary



Diversified portfolio aligned to key macro trends and growth drivers



Unique listed company well positioned to benefit from India and global growth



Balanced strategy of building on strong Honeywell support, strong India track record and reach, and leading with local innovations in India



Attractive domestic and export growth with strong financial position