

Senior Management Team

Mr. A. D. Badve	Vice President — Human Resources and Administration
Mr. A. Bhalla	Vice President — Business Development
Mr. S. R. Bhat	Vice President — Exports
Mr. V. K. Deshpande	Vice President — Total Plant Solutions
Mr. G. Gangoly	Vice President — Special Projects
Mr. D. I. Gupta	Vice President — Materials
Mr. K. M. Kanetkar	Vice President — Building Control
Mr. G. M. Khanna	Vice President — Industrial Automation & Control
Mr. K. K. Khushoo	Vice President — Manufacturing
Mr. R. Makhija	President & Chief Executive Officer
Mr. D. N. Sowani	Controller — Finance & Secretarial

OFFICES : Mumbai, Delhi, Chennai, Calcutta, Baroda, Jamshedpur, Bangalore.

RANGE OF OFFERINGS

INDUSTRIAL AUTOMATION & CONTROL :

Process Control Systems, Microprocessor based Controllers, Recorders, Safety Management Systems, Advanced Control & Optimisation, Dynamic Simulation, Training and a full range of Services.

“SMART” Range of Pressure, Temperature, Flow and Colour Transmitters.

LeCroy Digital Storage Oscilloscopes and Metrum Digital tape recorders.

Teledyne Process Gas Analysers and Gamma Metrics Bulk Material Analysers.

BUILDING AUTOMATION :

Building Management Systems and Controllers, Fire & Security Systems and Controllers, Energy Management Controllers, Building Control products, Training and a full range of Services.

Board of Directors

Mr. J. K. Setna	(Chairman)
Mr. R. S. Hawkins	(Vice Chairman)
Mr. M. N. Bhagwat	(Vice Chairman)
Mr. F. C. Kohli	
Mr. S. P. Manaktala	
Dr. M. Seth	
Mr. R. Makhija	
Mr. C. Harting	
Mr. D. Darazsdi	
Mr. P. Christopherson	
Mr. J. Terhune	
Mr. A. Pratap	(Alternate to Mr. C. Harting)
Ms. Sneha Padve	Company Secretary

Registered Office

Bombay House,
24, Homi Mody Street,
Fort,
Mumbai 400 001
Ph.: 2049131

Head Office

55A/8 & 9, Hadapsar
Industrial Estate
Pune 411 013
Ph.: 670445

Factory

Plots 53, 54, 56 & 57
Hadapsar Industrial Estate
Pune 411 013

Auditors

N. M. Raiji & Co.
Chartered Accountants

Bankers

Canara Bank
The Bank of Tokyo-Mitsubishi Ltd.
Bank of Baroda
State Bank of Travancore
ABN Amro Bank N.V.

Solicitors

S. R. Vakil
Mulla & Mulla and Craigie,
Blunt & Caroe
Ashok Pratap & Co.

Share Registrars

Tata Share Registry Limited,
Army & Navy Building,
148, M.G. Road,
Mumbai 400 001
Ph.: 2873831

NOTICE**TATA Honeywell**
ANNUAL REPORT 1997-98

NOTICE is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** of TATA HONEYWELL LIMITED will be held on **Monday, September 21, 1998 at 11.30 a.m.** in the Auditorium of Bombay House, 24 Homi Mody Street, Mumbai 400 001 to transact the following business :

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the financial year ended March 31, 1998 and the Balance Sheet as that date.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. F. C. Kohli who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. Manu Seth who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Mr. John Terhune who was appointed a Director of the Company by the Board of Directors effective September 30, 1996 in the casual vacancy caused by the resignation of Mr. Joe George and who, in accordance with Section 262 of the Companies Act, 1956, holds office upto the date of the forthcoming Annual General Meeting of the Company, but is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act, from a member proposing his candidature for the office of Director.
6. To appoint Auditors and to fix their remuneration.
7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and remuneration of Mr. R. Makhija, as Managing Director, with effect from July 1, 1998 upto June 30, 2002, upon the terms and conditions set out in the draft Agreement submitted to this meeting and for identification signed by the Chairman, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and vary the terms and conditions of the said Agreement in such manner as may be agreed to between the Directors and Mr. Makhija."
8. To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

Insert the following heading and Article as Article 15A after Article 15 :

15A DEMATERIALISATION OF SECURITIES

Definitions

1. For the purpose of this Article :-

"Beneficial Owner" means a person or persons whose name is recorded as such with a depository;

"SEBI" means the Securities & Exchange Board of India;

"Depository" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for investors

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted

NOTICE (Contd.)**TATA Honeywell**
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by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in
depositories to be
in fungible form

4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of
depositories and
beneficial owners

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of
documents

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of
Securities

7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of
Securities dealt
with by a depository

8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive number
of Securities held
in a depository

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register & index
of beneficial owners

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

NOTICE (Contd.)**TATA Honeywell**
ANNUAL REPORT 1997-98**NOTES:**

- a) The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of the business under Item Nos. 5, 7 & 8 as set out above, are annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- c) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, August 20, 1998 to Tuesday, September 15, 1998, both days inclusive.
- d) The Dividend when sanctioned will be paid on and from Wednesday, September 30, 1998, to those members whose names stand on the Register of Members on Tuesday, September 15, 1998.
- e) Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the Management to reply.
- f) Members are requested to promptly notify any change in their address to the Company's Registrars & Share Transfer Agents, namely, TATA SHARE REGISTRY LTD., Unit THL, Army & Navy Building, 148 M.G. Road, Mumbai 400 001. In their own interest, members are requested to inform the Company of the name of their Bank, Branch and Account Number to the Company's Registrars and Share Transfer Agents so as to include these details in the dividend warrant.
- g) Members are requested to bring their copies of the Annual Report to the Meeting.
- h) Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto and including the financial year ended March 31, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Mumbai.

By order of the Board of Directors

Sneha Padve
Company Secretary

Pune, June 22, 1998

Registered Office:Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

EXPLANATORY STATEMENTS

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The following Explanatory Statements as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under Item Nos. 5, 7 & 8 mentioned in the accompanying Notice dated June 22, 1998.

Item No. 5

Mr. John Terhune was appointed a Director of the Company in the casual vacancy caused by the resignation of Mr. Joe George. Pursuant to Section 262 of the Companies Act, 1956, Mr. Terhune holds office only till the date upto which Mr. George in whose place he was appointed would have held office, namely, till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a member as required by Section 257 of the Act, proposing the appointment of Mr. Terhune as a Director of the Company.

Mr. Terhune is interested in the resolution at Item No. 5 of the Notice since it relates to his appointment.

The Directors commend the Resolution for acceptance by the Members.

Item No. 7

Mr. R. Makhija was appointed as Wholtime Director of the Company and designated President & Chief Executive Officer for a period of 5 years with effect from July 1, 1997. This appointment has been terminated by mutual consent. The Board has, subject to the approval of the shareholders, proposed that Mr. Makhija be appointed Managing Director for the period July 1, 1998 upto 30th June, 2002, on the following terms and conditions:

- I) Mr. R. Makhija, Managing Director shall carry out such duties as may be entrusted to him subject to the supervision and control of the Board of Directors.
- II) **Remuneration:** A salary scale of Rs. 30,000 - 100,000 per month, with authority to the Board to fix his salary within this scale from time to time. The annual increments will be merit based and take into account the Company's performance.

1. Commission :

Such remuneration by way of commission, in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The Commission payable to the Managing Director will be limited to four years of his annual salary to be determined by the Board at the end of each financial year. The specific amount payable to the Managing Director will be based on certain performance criteria to be laid down by the Board and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the members.

2. Perquisites & Allowances :

- a) In addition to the salary and commission payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; leave travel concession for himself and his family; club fees, medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and the Managing Director; such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- b) For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

EXPLANATORY**STATEMENTS** (Contd.)

- c) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- d) Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or together are not taxable under the Income-tax Act; gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites mentioned above.

3. Minimum Remuneration :

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.

- III) The terms and conditions of the said reappointment and/or draft Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Directors in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
- IV) The Agreement may be terminated by either party giving the other party six months' notice of such termination or the Company paying six months salary in lieu thereof.
- V) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.
- VI) If at any time, the Managing Director ceases to be a Managing Director for any cause whatsoever, he shall cease to be a Director of the Company.
- VII) The Managing Director is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1) (I) of the Act.
- VIII) If at any time the Managing Director ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be a Director of the Company.
- IX) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- X) The Managing Director shall not have the following powers:-
 - a) the power to make calls on shareholders in respect of monies unpaid on shares in the Company;
 - b) the power to issue debentures; and
 - c) the power to invest the funds of the Company in shares, stocks and securities.

In compliance with the provisions of Sections 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the terms of appointment and remuneration of the Managing Director is placed before the members in General Meeting for their approval.

The draft Agreement between the Company and Mr. R. Makhija, Managing Director is available for inspection by the Members of the Company at the Registered Office of the Company between the hours of 11 a.m. and 1 p.m. on any working day of the Company.

EXPLANATORY**STATEMENTS** (Contd.)**TATA Honeywell**
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This may also be treated as an abstract of the draft Agreement between the Company and Mr. R. Makhija, Managing Director, pursuant to Section 302 of the Act.

Mr.R. Makhija, Managing Director of the Company, is concerned or interested in the Resolution at Item No. 7 of the Notice.

The Directors commend the Resolution for acceptance by the Members.

Item No. 8

With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a Company. Your Company is contemplating joining the Depository System so that its securities can be dematerialised. It is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out in the Resolution at Item No. 8 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system.

A copy of the Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at the Registered Office of the Company between the hours of 11 a.m. and 1 p.m. on any working day of the Company.

The Directors commend the Resolution for acceptance by the Members.

By order of the Board of Directors

Pune, June 22, 1998

Sneha Padve
Company Secretary

Registered Office:
Bombay House,
24, Homi Mody Street,
Mumbai 400 001.

DIRECTORS'**REPORT****TATA Honeywell**

ANNUAL REPORT 1997-98

TO THE MEMBERS OF TATA HONEYWELL LIMITED

The Directors hereby present the **FOURTEENTH ANNUAL REPORT** of the Company together with its Audited Profit and Loss Account for the year ended March 31, 1998, and the Balance Sheet as on that date.

1. Financial Results :

Particulars	Year ended March 31, 1998 (Rs. in lacs)	Year ended March 31, 1997 (Rs. in lacs)
Sales & Other Income	17722.73	16723.91
Operating Profit	1642.14	1754.27
Less : Interest	626.37	791.76
Depreciation	181.82	117.43
Amortisation of Miscellaneous Expenditure	25.09	33.96
Profit for the year	808.86	811.12
Prior period adjustments	143.33	319.69
Provision for taxation	129.86	104.70
PROFIT AFTER TAX	535.67	386.73
Profit brought forward from the previous year	274.96	263.10
Profit available for appropriations	812.63	649.83
APPROPRIATIONS		
General Reserve	250.00	200.00
Proposed Dividend	199.00	158.97
Tax on proposed dividend	20.00	15.89
BALANCE CARRIED FORWARD	343.63	274.96

2. DIVIDEND

The Directors recommend payment of dividend for the year ended March 31, 1998, at the rate of Rs. 2.25 per share.

3. OPERATIONS

The total income recorded an increase of 6% over the previous year. The slowdown of the economy had a significant impact on the total income that the Company had targeted to achieve. However, inspite of the slowdown, the Company recorded significant order successes in both the Industrial Automation and Building Control Strategic Business Units. Total Orders booked were 55% over last year. Tremendous efforts were put in to streamline operational efficiencies and control costs. Profit after tax registered a growth of 39% over the previous year and the Company is well poised to grow its operations substantially over the next few years.