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Seventeenth Annual Report 2000-2001



VISION

To be a globally admired enterprise of knowledge workers which passionately combines innovation and technology to create business and automation solutions that continuously add value and prosperity to all stakeholders.



MISSION

We draw inspiration from and take pride in enhancing productivity, comfort and safety of everyone through continuous learning and investments in technology.



VALUES

Integrity
Customer Focus
Innovation
Teamwork
Agility

Board of Directors

Mr. R. Gopalakrishnan	(Chairman)
Mr. F. Yuen	(Vice Chairman)
Mr. V.K. Deshpande	(Managing Director)
Mr. J.K. Setna	
Mr. F.C.Kohli	
Mr. K.A. Chaukar	
Mr.R. Makhija	
Mr. J. Wolfraad	
Mr. S. Williamson	
Mr. A. Pratap	(Alternate to Mr. S. Williamson)

Ms. Sneha Padve (Company Secretary)

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Senior Management Team

Mr. K. Amuthan	Head	- Human Resources & Administration
Mr. G. Gangoly	Vice President	- Customer Support Services
Mr. D.I. Gupta	Vice President	- Materials
Mr. G.M. Khanna	Vice President	- Cost Management
Mr. K.K. Khushoo	Vice President	- Manufacturing
Mr. D.N. Sowani	Controller	- Finance & Secretarial
Mr. S.Vij	Head	- Building Control

Registered Office

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

Solicitors

Mulla & Mulla and Craigie
Blunt & Caroe
Ashok Pratap & Co.

Auditors

N.M. Raiji & Co.
Chartered Accountants

Bankers

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

Registrar & Transfer Agent :

Tata Share Registry Ltd. (TSRL)
Army & Navy Bldg., 148, Mahatma Gandhi Road, Fort, Mumbai-400 001

Registry Offices

Bangalore	:	503, Barton Center, 84, M.G. Road, 5th Floor, Bangalore-560 001
New Delhi	:	2/42, Sant Vihar, Ansari Road, Darya Ganj, New Delhi-110 002
Jamshedpur	:	Bungalow No.1, 'E' Road, Northern Town, Bistupur, Jamshedpur - 831 001
Kolkata	:	Santi Apt., Flat No. 207, 2nd Floor, Opp. Bhowanipore, Police Station, Near Indira Cinema Above Bank of Maharashtra, Kolkata-700 025

Notice**TATA Honeywell**
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NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of TATA HONEYWELL LIMITED will be held **at 11.30 a.m. on Monday, July 30, 2001** 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 year ended March 31, 2001 and the Balance Sheet as at that date.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr.R. Gopalakrishnan who was appointed a Director of the Company by the Board of Directors effective July 21, 2000 in the casual vacancy caused by the resignation of Dr.Manu Seth, 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 from a member proposing his candidature for the office of Director pursuant to the provisions of Section 257 of the Act.
4. To appoint a Director in place of Mr.Rakesh Makhija who was appointed a Director of the Company by the Board of Directors effective April 1, 2000 in the casual vacancy caused by the resignation of Mr.P. Christopherson, 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 from a member proposing his candidature for the office of Director pursuant to the provisions of Section 257 of the Act.
5. To appoint a Director in place of Mr.K.A. Chaukar who retires by rotation and is eligible for re-appointment.
6. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and Whole-time Director, if any) 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 1st April, 2002."
7. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17, 17A and other applicable provisions, if any, of the Companies Act, 1956, and subject to the confirmation by the Regional Director, the consent of the Company be and is hereby accorded to the Registered Office of the Company being shifted to Pune from its present location in Mumbai and that the Memorandum of Association of the Company be altered accordingly."
8. To appoint Auditors and to fix their remuneration.

NOTES:

- a) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item nos.3, 4, 6 & 7 set out above is annexed hereto.
- b) The Company's shares are under the compulsory demat list. Shareholders are requested to utilise this facility to their advantage.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday July 19, 2001 to Thursday July 26, 2001 (both days inclusive) for payment of dividend on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose. The Company will dispatch the dividend warrants from 10th August 2001 onwards.
- d) Members are requested to note that the Dividend Warrants are payable at par at the branches as printed overleaf of the Dividend Warrant with the initial validity period of 3 months. Thereafter, the Dividend Warrants can be revalidated only at Tata Share Registry Ltd.
- e) Members are requested to note that Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai is applicable to the Company with effect from the financial year 1st April 2002. The Company is taking steps to fully comply with the requirements of this clause.
- f) 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.
- g) 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.
- h) 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.
- i) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended March 31, 1995 will be transferred to the Investor Education and Protection Fund of the Central Government next year. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1995 or any subsequent financial years are requested to make their claim to the Office of the Registrar and Transfer Agents; TATA SHARE REGISTRY LTD., Unit THL, Army & Navy Building, 148 M.G. Road, Mumbai 400 001.
- j) As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Share Registrars of the Company.
- k) Shareholders will have to collect the Auditorium Entry Pass from the reception and hand over the same at the entrance of the Auditorium.
- l) Shareholders are requested to bring their copy of the Annual Report to the meeting.

By order of the Board of Directors

Sneha Padve
Company Secretary

Pune, June 4, 2001

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

Explanatory Statement**TATA Honeywell**
Annual Report 2000 - 2001**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.**Item Nos.3 & 4

Mr.R. Gopalakrishnan and Mr.R. Makhija were appointed Directors of the Company in the casual vacancy caused by the resignation of Dr.Manu Seth and Mr.P. Christopherson, respectively. Pursuant to Section 262 of the Companies Act, 1956, Mr.Gopalakrishnan and Mr.Makhija hold office only till the date upto which Dr. Seth and Mr.Christopherson, in whose place they were appointed would have held office, namely, till the date of the forthcoming Annual General meeting. The Company has received notices in writing from members as required by Section 257 of the Act, proposing the appointment of Mr.Gopalakrishnan and Mr. Makhija as Directors of the Company.

Mr.Gopalakrishnan is Executive Director of Tata Sons Ltd, Vice Chairman of Tata Chemicals and Rallis India and a Director of several Tata Companies like Tata Engineering, Tata Power and Tata Internet. He also serves on the Board of two non-Tata Companies, ICI and Castrol India. Mr.Gopalakrishnan is a graduate in Physics from Calcutta University and in Engineering from IIT, Kharagpur. Prior to joining Tata Sons in August 1998, he was Vice Chairman of Hindustan Lever Ltd.

Mr. Rakesh Makhija is the Country Manager & Managing Director of Honeywell International (India) since April 2000. He is on the Board of Usha Amorphous Metals Ltd. and Central Monitoring Services India (P) Ltd. Mr.Makhija is a graduate in Chemical Engineering from IIT, New Delhi. Prior to joining Honeywell, Mr.Makhija was the Managing Director of THL.

The Directors commend the Resolution for acceptance by the Members.

Item No.6

At present all the Directors of the Company (other than the Managing Director) are paid a fee of Rs.5000/- for each Board meeting attended by them. Taking into account the Company's activities which have increased manifold since its inception and the consequent enhancement of the responsibilities of the Directors in attending to the business of the Company, it is proposed that pursuant to the provisions of Section 309(4) of the Companies Act, 1956, in addition to fees for attending Board meetings, the Directors (other than the Managing Director and Whole-time Director, if any) be paid for each of the five financial years of the Company commencing 1st April, 2002, for the services they have rendered and are rendering to the Company, a remuneration not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company, except the Managing Director of the Company, are concerned or interested in the Resolution at Item No.6 of the Notice to the extent of the remuneration that may be received by them.

Item No.7

The Company's Registered Office has been at Bombay House, Mumbai since its inception. In order to facilitate the storage of various statutory records and registers to be kept at the Registered Office as per the provisions of the Companies Act, 1956, it is proposed to shift the Registered Office to Pune, where the Company has its head office and factory. Since the last few years, the Registrar of Companies has started its operations in Pune and hence it is felt advisable to shift the Registered Office to Pune.

This item of business may have to be conducted by a postal ballot in accordance with the Rules framed under Section 192A of the Act. If this is so, Resolution No.7 will be dropped from the proceedings of the Annual General Meeting and the Resolution will instead be passed by a postal ballot.

The Memorandum of Association of the Company is open for inspection at the Registered Office of the Company during office hours on all working days of the Company, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.

The Directors commend the Resolution for acceptance by the Members.

Pune, June 4, 2001

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

By order of the Board of Directors

Sneha Padve
Company Secretary

Directors' Report**TATA Honeywell**
Annual Report 2000 - 2001

TO THE MEMBERS OF TATA HONEYWELL LIMITED

The Directors present the **SEVENTEENTH ANNUAL REPORT** with the audited statements of accounts of the Company for the year ended March 31, 2001.

1. FINANCIAL RESULTS :

Particulars	Year ended March 31, 2001 (Rs. in lacs)	Year ended March 31, 2000 (Rs. in lacs)
Sales & Other Income	27589.07	27918.66
Operating Profit	3366.64	3617.08
Less : Interest	618.52	548.08
Depreciation	513.87	556.87
Amortisation of	27.33	27.33
Miscellaneous Expenditure		
Profit for the year	2206.92	2484.80
(Add)/Less :Prior period adjustments	(163.56)	106.70
Provision for taxation	430.00	450.00
PROFIT AFTER TAX	1940.48	1928.10
Profit brought forward from the previous year	903.05	563.81
Profit available for appropriations	2843.53	2491.91
APPROPRIATIONS		
General Reserve	1000.00	1000.00
Proposed Dividend	530.50	530.50
Tax on proposed dividend	54.11	58.36
BALANCE CARRIED FORWARD	1258.92	903.05

2. DIVIDEND :

The Directors recommend payment of dividend for the year ended March 31, 2001, at the rate of Rs.6 per share.

3 OPERATIONS :

The market conditions during the last financial year were depressing. In spite of these conditions which resulted in lower Sales, your Company has achieved a net profit after tax on par with that of the previous year. Your Company has continued with its various growth initiatives and improvements in working capital performance, enhanced productivity and increased customer satisfaction.

3.1 INDUSTRIAL AUTOMATION AND CONTROL SYSTEMS :**I SYSTEMS :**

With focus on the infrastructure market, we continue to retain market leadership. Last year, our market share has been in excess of 50%. A major contract valued at Rs. 55 crores came from National Thermal Power Corporation (NTPC) Talcher 4x500MW project. Orders from Oil & Gas were in excess of Rs. 35 crores from the public sector refineries. Your Company also made substantial progress in other infrastructure markets.

II HI SPEC SOLUTIONS :

HiSpec Business Unit had a good performance for the year concluded. The Business Unit signed a three year agreement with Honeywell HiSpec solution global organization to provide services worth 7 Million USD for global projects. This agreement shall provide a uniform workflow to HiSpec Indian operations.

HiSpec also signed two performance-based contracts for Advanced Process Control solutions with prestigious customers. These innovative projects provide the Business Unit a secure long-term revenue stream.

III CUSTOMER SERVICES :

Merging the after sales activities, the Business Unit sustained growth in both revenue and profitability. Your company expanded the core business of maintenance contracts and rolled out the new initiatives like support services for Measurex Quality Control Systems, Total Plant Facilities Management Services (TPFMS) etc. At Haldia Petrochemicals Ltd., TPFMS services have been acknowledged by the customer to have provided valuable savings in terms of initial capital out flow for spares as well as cost of hiring trained manpower during the start and stabilisation phase of the project.

Many operational initiatives by the Business Unit in terms of 4 hours response time at all customer's site, regular site audits, lowest lead time for spares, root cause analysis facilities have been rolled out to enhance customer satisfaction.

During the year your company also successfully completed the commissioning of first two orders in Oil Movement & Storage projects in India at HPCL Mumbai and IOCL Haldia refinery. Completion of these projects have given your customers expected Return On Investments and thus creating a need of similar projects at other refineries in India.

3.2 HOMES AND BUILDING CONTROL :**3.2.1 BUILDING CONTROL :**

During the year, this business has shown a significant growth of 45% in orders over that of the previous year. The major orders came from the IT industry including orders from Global Telesystems for their various nodes in India, Tata Consultancy Services for their upcoming facility in Noida and Tata Power Company for their broad-band project in Mumbai.

Energy saving programmes for customers continued to do well and three new hospitals signed up contracts for reduction in their energy consumption.

The Operations Group consolidated their delivery organization by focussing on "Customer Relationship Management". The Division undertook another important initiative of providing value based after market services to the existing customer base and achieved significant growth over the earlier year.

3.2.2 HOME SECURITY BUSINESS :

Your Company introduced the electronic security solutions for the homes market, as a logical extension of the building automation portfolio. The intrusion alarm system empowers any household against intrusion, fire and medical emergencies.

Your Company carried out intense market development efforts while entering this vastly untapped market. Co-branding tie-ups undertaken by your Company were new to this field. With continuous market research, more products are introduced to cater to the varied requirements of the customers. Builders' community has included these solutions as part of their offering as a unique value-add to the flat owners. Evershine-Mumbai, Puruvankara-Bangalore, Arihant-Chennai are amongst the various orders received by the Company.

3.3 MEASUREMENT AND CONTROL:

During the year 2000-01, Products Business Unit increased its market share in Sensing & Control and Burner Management products. New growth opportunities were identified with a focus on development of new customer segments, resulting in growth in order booking by 17% over the previous year.

During the year, your Company has received significant orders from Projects and Development India Ltd. - Hindustan Fertilizer Corporation Ltd.; ECIL; Tata Chemicals; BHEL-MPEB Korba etc.

During the year, your Company has focused on expanding its product portfolio through integration of new products released by Honeywell as well through some alliances providing complimentary products and technologies.

The Products Business Unit has continued to lay emphasis on strengthening the supply chain management to ensure better customer satisfaction. The average lead-time to market has been improved substantially.

3.4 EXPORTS:

The Engineering Services Exports business continues to be an area of focus, both for your Company as well as for Honeywell. Honeywell fully recognises the strategic nature of these services for enhancing their competitiveness in the global arena. The relationship between THL & Honeywell was formalised through worldwide alliance agreements with three of Honeywell's Business Units namely Industrial Automation & Control, Homes & Buildings Controls & Hi Spec Solutions. As a result of these alliances, there has been tremendous focus on growing the quantum of services outsourced to THL from all Honeywell locations.

3.5 NEW INITIATIVES:

3.5.1 SAARC:

Your Company has signed an agreement with Honeywell to distribute its products in the countries of Sri Lanka, Bangladesh and Nepal. This is a high growth market and would provide good potential for business.

Your Company is interested in the Oil and Gas, Power and Homes & Building Control markets in these countries. This agreement would give THL exclusive marketing and service rights to all existing and future products of Honeywell for all its lines of businesses in the above countries.

3.5.2 ERP:

Your company has selected Oracle's e-business suite of products and applications for bringing operational efficiency in various business processes. The project is being implemented by a dedicated THL team with Pricewaterhouse Coopers (P) Ltd. The project is expected to be online by October 2001.

4. BUSINESS OUTLOOK :

- **Industrial Automation and Control (IAC) :**

The manufacturing segment of the industry continues to be sluggish, however Infrastructure expansion and Power generation projects provide major opportunities. With the expertise and experience built by IAC, we expect to take a major share of this market. Liquefied Natural Gas (LNG) opportunities have moved rather slowly, but we expect to see growth in pipeline projects for crude and petroleum products. Overall we foresee tough market conditions and aggressive competition.

- **HiSpec :**

The outlook for this Business Unit looks very promising. As the Indian industry is looking for solutions to reduce its operating costs and improve business efficiency HiSpec with its leading solutions in Refining, Petrochemicals, Pulp and Paper, Pharma, Power, Metals and Manufacturing Market segments is poised to see a major growth. HiSpec Business Unit also plans providing consulting services to its various customers in domain of mission critical Enterprise Systems.

- **Homes & Building Control :**

The size of the market for this business is consistently growing. This business is focusing on new areas such as Total Asset Management for old buildings and Performance Contracting mainly in the areas of Hospitals. The prospects for this business are bright and major initiatives are being taken in the area of reduction of costs and better and faster execution of projects. We expect rapid revenue growth in this business segment.

- **Products :**

This business has increased the variety of offerings in its fold. The new potential areas will be Infotech, Commercial and Consumers. This business has tied up with Flowserve India Pvt. Ltd. for the Valve business as a partner to market their products in India and SAARC countries.

- **Exports :**

Your company is well focused on Learning & Development initiatives, moving up the value chain for engineering services. Necessary investments are made to develop work systems and processes to perform remote engineering work for Australia/Pacific/Latin America and we expect growth in this activity.

5. COMMUNITY DEVELOPMENT WORK :

Tata Honeywell continued its active contribution as member of the Tata Council for Community Initiatives. This year, along with the Hadapsar Industrial Estate Association, we have taken an initiative in building a compound wall near the surrounding area. Your Company also contributes towards payment for the services of two security guards who help in controlling the traffic at the junction on the Pune-Solapur Highway. The food in the canteen, which was being thrown away, is now collected and distributed to the poor people in the neighboring areas. The employees and the Company together contributed Rs.2.59 lakhs each for the benefit of the Gujarat earthquake affected victims.