

2020-2020

annual report

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VISION

To be a globally admired enterprise of knowledge workers which passionately combines innovation and technology to create 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.

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VALUES

Integrity
Customer Focus
Innovation
Teamwork
Agility

Board of Directors (As on 12/06/2003)

Mr. R. Gopalakrishnan	(Chairman)
Mr. G. Soghomonian	(Vice Chairman)
Mr. V. K. Deshpande	(Managing Director)
Mr. K. A. Chaukar	
Mr. M.N. Bhagwat	
Mr. A. Gupta	
Ms. Siew Tin Lim	
Mr. S.L. Rao	
Mr. C. Guzder	
Mr. R. Savoor	
Mr. A. Pratap	(Alternate to Mr. A. Gupta)
Mr. J. Dorsey	(Alternate to Ms. Siew Tin Lim)
Ms. Sneha Padve	(Company Secretary)

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Senior Management Team (As on 12/06/2003)

Mr. K. Amuthan	Head	- Human Resources & People Services
Mr. A. Bhargava	Head	- Corporate Strategy, Bus. Devt. & Corporate Quality
Mr. H. Chitale	Head	- Industrial Solutions
Mr. B. Ganguly	Head	- Security Solutions
Mr. D. I. Gupta	Head	- Central Materials Group
Mr. V. Kapur	Head	- Global Services
Mr. G. M. Khanna	Head	- Corporate Initiatives
Mr. K. K. Khushoo	Head	- Manufacturing
Mr. N. Mehta	Head	- Total Security Solutions
Mr. D. N. Sowani	Controller	- Finance
Mr. S. V. Teje	Head	- Control Products
Mr. S. Vij	Head	- Building Control

Registered Office

56 & 57, Hadapsar
Industrial Estate,
Pune 411 013

Solicitors

Mulla & Mulla and Craigie
Blunt & Caroe

Auditors

N. M. Rajji & Co.
Chartered Accountants

Bankers

ABN-Amro Bank N.V.
Canara Bank
Bank of Baroda
State Bank of Travancore
HDFC Bank Ltd.
ICICI 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. Tel.: 080-5320321/5580019
New Delhi	:	2/42, Sant Vihar, Ansari Road, Darya Ganj, New Delhi - 110 002. Tel.: 011-23271805
Jamshedpur	:	Bungalow No.1, 'E' Road, Northern Town, Bistupur, Jamshedpur - 831 001. Tel.: 0657-2426616
Kolkata	:	Tata Centre, 1st Floor, 43 Jawaharlal Nehru Road, Kolkata - 700 071. Tel.: 033-22883087/22883062

Notice

To,
The Members of Tata Honeywell Ltd.

NOTICE is hereby given that the **NINETEENTH ANNUAL GENERAL MEETING** of **TATA HONEYWELL LIMITED** will be held on **Friday, July 18, 2003 at 3.30 p.m.** at the Registered Office of the Company at 56 & 57, Hadapsar Industrial Estate, Pune – 411 013 to transact the following business :

1. To receive, consider and adopt the Directors' Report, Auditor's Report, the Audited Profit and Loss Account for the year ended March 31, 2003 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 retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Greg Soghomonian, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. K.A. Chaukar, who retires by rotation and is eligible for re-appointment.
6. To appoint Auditors and to fix their remuneration.

NOTES :

- a) The relevant details in respect of Item nos. 3 to 5 above, pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges are annexed hereto.
- b) The Company's shares are under the compulsory demat list. Shareholders are requested to utilise this facility to their advantage. Shareholders have been sent the ECS facility forms. Shareholders are requested to fill in the forms and take advantage of this facility.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, July 10, 2003 to Wednesday, July 16, 2003 (both days inclusive) for determining the names of the members eligible for dividend, if approved, on equity shares. In respect of shares held in Electronic form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose. The Company will dispatch the dividend warrants from July 24, 2003 onwards.
- d) 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.
- e) 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.
- 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 respect of shares held in demat form the change in address may be notified by the Members to their Depository Participants.
- g) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended March 31, 1996 is due for transfer to the Investor Education and Protection Fund of the Central Government in November 2003. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996 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.
- h) As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available for shareholders, debenture-holders and fixed deposit holders in respect of the shares, debentures and deposits held by them. Nomination forms can be obtained from the Share Registrars of the Company.
- i) Shareholders are requested to bring their copy of Annual report to the meeting.

By order of the Board of Directors

Sneha Padve
Company Secretary

Mumbai, June 12, 2003

Registered Office :
56 & 57, Hadapsar
Industrial Estate,
Pune 411 013.

Notice (contd.)**Details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (As on 12/06/2003)**
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. R. Gopalakrishnan	Mr. Greg Soghomonian	Mr. K.A. Chaukar
Date of Birth	25.12.1945	15.09.1943	01.08.1947
Date of Appointment	21.07.2000	09.11.2001	31.05.1999
Expertise in specific functional areas	Engineering	Engineering	Finance & Management
Qualifications	Graduate in Physics from Calcutta University and in Engineering from IIT, Kharagpur.	Graduated in Electrical Engineering from the Italian Institute of Technology	BA (Eco) - Karnataka University PGDBA (Indian Institute of Management, Ahmedabad) DEA - Rural Economics - (University of Dijon, France)
List of public Companies in which outside Directorships held as on March 31, 2003	Tata Sons Ltd. Tata Engineering & Locomotive Co. Ltd. Tata Chemicals Ltd.-Vice Chairman Tata Power Company Ltd. Rallis India Ltd. - Chairman Tata Teleservices Ltd. Tata Teleservices (Maharashtra) Ltd. Tata AutoComp Systems Ltd. Tata Technologies Ltd. Idea Cellular Ltd. ICI India Limited Castrol India Ltd. Sheba Properties Ltd.	Berkat Honeywell SDN.BHD Honeywell Automation & Controls SDN.BHD Honeywell Co., Ltd. (Korea) Honeywell Engineering SDN.BHD Honeywell Korea Ltd. Honeywell Limited (Hong Kong) Honeywell Ltd. (New Zealand) Honeywell Systems (Philippines) Inc. Honeywell Systems (Thailand) Ltd. my Construction.com Limited	Tata Industries Limited Concorde Motors Limited Tata Advanced Materials Limited Tata Teleservices Limited Oriental Floratech Limited Information technology Park Limited Tata Autocomp Systems Limited Tata Telecom Limited Tata Internet Services Limited Idea Cellular Limited Videsh Sanchar Nigam Limited Tata Teleservices (Maharashtra) Ltd.
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on March 31, 2003	Tata Chemicals Remuneration Committee Audit Committee Tata Power Co. Ltd. Remuneration Committee Rallis India Ltd. Remuneration Committee Tata Teleservices Ltd. Remuneration Committee ICI India Ltd. Remuneration Committee Audit Committee Castrol India Ltd. Remuneration Committee [Chairman] Audit Committee Tata Engineering & Locomotive Co. Ltd. Investor Grievance Committee		Information Technology Park Ltd. Audit Committee [Chairman] Tata Autocomp Systems Ltd. Audit Committee Tata Internet Services Limited Audit Committee – Chairman Tata Teleservices Ltd. Audit Committee Idea Cellular Limited Audit Committee Remuneration Committee Videsh Sanchar Nigam Limited Investor Grievance Committee [Chairman] Tata Teleservices (Maharashtra) Ltd. Audit Committee

Directors' Report

TO THE MEMBERS OF TATA HONEYWELL LIMITED

The Directors present the NINETEENTH ANNUAL REPORT with the audited statements of accounts of the Company for the year ended March 31, 2003.

1. FINANCIAL RESULTS :

Particulars	Year ended March 31, 2003 (Rs. in lacs)	Year ended March 31, 2002 (Rs. in lacs)
Sales & Other Income	27232.22	23610.22
Operating Profit	3030.57	2985.74
Less : Interest	471.44	546.10
Depreciation	667.12	634.95
Amortisation of	69.51	46.90
Miscellaneous Expenditure		
Profit for the year	1822.50	1757.79
(Add)/Less: Prior period adjustments	151.41	32.64
Provision for taxation	—	56.00
Deferred Tax Adjustment	(5.10)	(15.66)
PROFIT AFTER TAX	1676.19	1684.81
Profit brought forward from the previous year	1413.23	1258.92
Profit available for appropriations	3089.42	2943.73
APPROPRIATIONS		
General Reserve	1000.00	1000.00
Proposed Dividend	530.50	530.50
Tax on proposed dividend	67.97	—
BALANCE CARRIED FORWARD	1490.95	1413.23

2. DIVIDEND :

Final dividend @Rs.6.00 per share of Rs.10/- each was declared by the Board in their meeting held on June 12, 2003.

3. OPERATIONS :

Your Company has overcome a challenging situation in the market place to post a year on year order growth of 48% during the year under review. Revenue has grown by 15% over that of last year. Your Company has been able to achieve this significant growth due to the fact that all business segments performed according to plan.

Directors' Report (contd.)

Order booking for 2002-03 in Industrial Solutions increased by more than 50% over that of the previous year, creating a healthy backlog for revenue for future years. Key orders secured were from PGCIL, Supply Chain Management Solution from IOC, DCS order for refinery expansion from BPCL and order for multiple control systems for an integrated pulp & paper complex in Turkmenistan. Hi-Spec Solutions continued to post significant growth with increase in order booking and increase in revenue. Customer Support Service sustained the business through focus on Maintenance Contracts, add-on orders. To support customers better, site presence has been enhanced and more value-added services are being provided.

Your Company is in the business of developing security solutions for small commercial establishments and homes in India. Solutions in the area of intruder alarm, access control, CCTV and fire alarm systems are being promoted to these market segments. Suitable tie-ups are being established to source solutions / products and emphasis is being given to establish a strong dealer network to take these solutions to Indian customers as well as to develop a strong supply chain to support this business.

Continuing on the aggressive path that Building Controls Unit had opted for in the last financial year, the Unit performed as per plan. The order intake grew by approx. 49%, and revenue growth close to 93%. The Unit undertook major restructuring in its processes so as to meet the requirements of its customers by regionalising its operations. The increase in orders was on account of our services and solutions being accepted by our customers in various markets like hotels, hospitals, software parks, shopping malls, data centres, pharmaceuticals, etc. The market continues to offer opportunities and the growth is likely to be out of infrastructure projects and commercial markets.

Security Solutions Business unit offers one-stop solutions for integrated security solutions. The solution set includes surveillance, movement monitoring and control, command and control centres, special systems for operations etc. Your company's security systems harness the potential of information technology in order to improve warning and analytic capabilities, prevent losses, and achieve the highest level of physical and operational security. During this year, your Company has received significant orders and brought significant technologies and breakthrough solutions in the market. It has successfully installed Digital Video System with video transmission and control over WAN and Microwave communication systems, a unique feat in this part of the world. Overall your Company took great strides in the market place and established itself as one of the leading solution providers. Security Solutions will focus this year on growth and operational efficiencies.

During the year 2002-03, Control Products Business Unit has increased its market share in Sensing & Control and H&BC products. It received significant orders from various market segments i.e. from ECIL, Hyderabad, BEL-Bangalore, TISCO-Jamshedpur, CIPLA, Goa, TAJ Group of Hotels, MSEB, MPSEB, Oil India etc. New growth opportunities were identified during the year in the market segment of H&BC and S&C. This resulted in growth in order booking by 30% over the last year and revenue has grown by 27% over the last year. Also during the year Control Products BU integrated all the operations from Order entry to invoicing under one unified Supply chain management, which improved operational efficiency in various business processes and helped to reduce lead time and increase efficiency and thereby increase customer satisfaction. Evergreen upgrades, Facilities Management Services are looked upon as considerable growth opportunities in the coming years.

Revenue of Global Services grew by 70% over that of the previous year. Strong direction by Honeywell worldwide to source more project engineering work from Tata Honeywell helped this growth. The business has grown significantly in new areas like Building controls engineering services and Product & Technology services in 2002-03. New customers were added in core business of Industrial automation engineering services last year. Global Services business unit was certified ISO 9000-2000 for its services and solutions. This certification was done to ensure our global customers on robust and mature delivery processes. The business unit also developed strong capability for complete product development. The future year's outlook for global services looks promising. Your Company will be able to sustain its growth despite the challenges of weakening US dollar etc.

The SAARC business grew by a good margin over that of the last year and good progress was made in the integration of dealer network. The network was strengthened and new independent dealers were identified. The major orders are in the countries of Bangladesh and Sri Lanka, with a major order from Apollo Hospitals, Dhaka. The opportunities in this region continue to be slow due to logistic problems.

The outlook for your Company looks good inspite of the challenging environment. There are several factors that indicate that the financial year would be good, owing mostly due to the fact that the Company has a good order backlog. There has been a uniform growth in all business segments. The markets show signs of coming out of depression and this would further help the Company to strengthen its performance.

Directors' Report (contd.)

The main challenges faced by your Company are due to the pricing impacts of the fluctuations in the Euro & U.S. Dollar currencies and the changing dynamics of the Rupee versus the Dollar. The liquidity problems arising out of the difficult commercial terms and conditions continue to be a major hindrance in the domestic project business.

The emergence of a price conscious market with a "Spend less – ask more" approach has created a challenging environment for the Company to deliver its systems and products. Globalisation has led to benefits to the Indian manufacturing and service industry and your Company intends to explore all resultant opportunities.

4. INITIATIVES DURING 2002-03 :

Your Company has been successful in rolling out its accounts for the second year in the ERP system. The second phase of implementation is complete and the system is integrated to enable the regional employees to operate through this system.

Your Company continues its strong focus on imparting training to all its employees. The learning & development process has been designed in a manner to suit the specific needs of the Company and also attain the all round employee development and growth. During the year 2002-03 key HR processes were digitized to improve work efficiency.

Your Company has retained its PR1+ rating from CARE for its Commercial Paper Program.

Your Company organised a User-Group Meet 2003 and the three-day Symposium was held at Pune from January 27-29, 2003. The Symposium was well attended by more than three hundred customers from all across the Indian sub-continent. The theme for this year's User Meet was '**Industrial Solutions for a Changing World**'. The symposium gave insights into a cross-section of industry verticals like Refining, Oil and Gas, Power, Petrochemicals, Pulp & Paper, Pharmaceuticals, Minerals, Mines and Metals. This was truly a unique symposium where all the users of Honeywell systems got together and shared their knowledge, experiences with each other and exchanged first hand information about the solutions implemented by various industries and also the benefits obtained.

The year 2002-03 was the year of Quality for your Company and it received ISO 9001:2000 certifications for THL and separately for Global Services division. The processes and workmanship underwent the most rigorous testing & Quality Procedures ever, to receive certification from various Defence branches like Directorate of Quality Assurance, DQAE (Electronics), Directorate General of Aeronautical Quality Assurance, DGAQA, Naval Dockyard (Mumbai), High Energy Material Research Laboratory (HEMRL) and Institute of Armament Technology (IAT). Your Company also completed 1 million hours of work of engineering services for all its global customers.

5. COMMUNITY DEVELOPMENT WORK :

Your Company is a signatory to the United Nations Global Compact Principles and follows the principles laid down in its business. The case where the principle numbers 4, 5 and 6 on Labour Standards of the Global Compact are followed most significantly is the ban of use of any products in which child labour is involved and also a ban on using the services of any supplier who is involved in the use of child labour whether directly or indirectly. The other principle being actively followed is for environmental protection, which are principle numbers 7 and 8 on Environment. Your Company has done a lot of community work in the areas of traffic control, human safety, blood donation and supporting the poor sections of society.

A MoU was signed with a local engineering college to enhance the Industry Institute relations. Apart from this, blood donation camps were organized with the help of a reputed Hospital as a part of societal responsibility.

THL-ASHA, the community welfare group of Tata Honeywell continued with its work of enhancing people's lives with active participation of its employees.

6. DIRECTORS :

During the year under review and upto the date of this report, Mr. Rakesh Makhija and Mr. Terry Sutter, nominees of Honeywell, resigned as Directors of the Company. The Board places on record its sincere appreciation for the services rendered by them towards the success of this joint venture. Ms. Siew Tin Lim and Mr. Ashwani Gupta has been appointed as Directors nominated by Honeywell and Mr. John Dorsey has been appointed as an Alternate Director to Ms. Siew Tin Lim.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. R. Gopalakrishnan, Mr. Greg Soghomonian and Mr. K.A. Chaukar, retire by rotation and are eligible for reappointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that -

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- b) They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) They have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) They have prepared the annual accounts on a going concern basis.

8. AUDITORS :

M/s.N.M. Raiji & Co., the Statutory Auditors, retire at the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received the certificate from the retiring auditors to the effect that the appointment, if made, will be in accordance with the limits specified in Section 224(1-B) of the Companies Act, 1956.

9. OTHER INFORMATION :

Information as per Section 217 of the Companies Act, 1956, as amended, pertaining to absorption of technology, foreign exchange earnings and outgo and particulars of employees, is given as an Annexure to this Report and forms part of it.

10. ACKNOWLEDGEMENT :

The Board 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 Bankers.

For and on behalf of the Board

R. GOPALAKRISHNAN
Chairman

Mumbai, June 12, 2003

Registered Office:
56 & 57, Hadapsar
Industrial Estate,
Pune - 411 013.

**Annexure I & II to
Directors' Report****Annexure I to Directors' Report****TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION**

1. Efforts, in brief, made towards technology absorption and innovation
During the year the company successfully produced locally developed controllers for control applications.
2. Benefits derived as a result of the above efforts
Cost reduction of relevant Control Systems
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.
 - a) Technology imported
i. Fail Safe Control Systems
 - b) Year of Import
i. 1997-98
 - c) Has the technology been fully absorbed
Technology for application of Fail Safe Control system has been successfully absorbed.
 - d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action
Not Applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO :

	Rs.'000
(i) Foreign Exchange Earned	522934
(ii) Foreign Exchange Used	913743

Annexure II to Directors' Report

Statement pursuant to Section 217(2A) (b) (ii) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2003.

Persons employed throughout the Financial Year who were in receipt of Remuneration for the year which in aggregate was not less than Rs.24,00,000/- per annum.

Name	Designation & Nature of duties	Qualifications	Age	Gross Remuneration	Net Remuneration	Total Experience	Date of joining	Last Employment/ Designation
Deshpande Vinayak K.	Managing Director	B. Tech Chemical	45	37,68,900	25,99,964	22	19/10/89	Gujarat Carbon Ltd. Project Manager

Notes :

Remuneration includes salary, allowances and commission received during the year, reimbursement of medical expenses, leave travel assistance, company's contribution to provident fund and superannuation fund and the monetary value of perquisites which is as per the Income Tax Act, wherever applicable, but excludes contribution towards gratuity.

Net remuneration is arrived by deducting from the gross remuneration income tax, company's contribution towards provident fund and superannuation fund wherever applicable and the monetary value of non-cash perquisites.

For and on behalf of the Board

R. GOPALAKRISHNAN
Chairman

Mumbai, June 12, 2003

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Pune - 411 013.