



Honeywell

2008
Annual Report

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Honeywell Automation India Ltd.**Annual Report 2008****Board of Directors (As on 06/02/2009)**

Mr. M. N. Bhagwat	(Chairman & Independent Director)
Mr. S. S. Tedjarati	(Director)
Mr. N. L. Gilsdorf	(Director)
Mr. G. F. Willis	(Director)
Mr. S. L. Rao	(Independent Director)
Mr. V. M. Kapur	(Managing Director)
Ms. Sneha Padve	(Company Secretary)

Senior Management Team

Ananthnarayanan K. V.	Head Legal
Aparanji Harsh	Head Human Resources
Bagaikar Ravi	Head Business Process Excellence
Bhargava Ajay	Head Integrated Supply Chain
Kelkar Anant	Head Information Technology
Nemade Snehal	Head Audit & Internal Controls
Pai Atul	Chief Financial Officer

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Honeywell Process Solutions

Abraham T. Joy
Biswas Amitava
Joshi Hemant
Kumar Salil
Shah Dharmesh

Honeywell Building Solutions

Dharachar Girish
Godbole Milind
Rao Vasudeva

Environment & Combustion Controls

Pradhan Ninad

Sensing & Controls

Pradhan Sachin

Export Business

Bhatia Vivek
Mirakhur Rohit
Naik Jagdish
Rajagopal KS
Tumkur Savyasachi

Registered Office

56 & 57, Hadapsar
Industrial Estate,
Pune 411 013

Auditors

Price Waterhouse & Co.
Chartered Accountants

Bankers

ABN-Amro Bank N.V.
Citibank N. A.

Registrar & Transfer Agent :

TSR Darashaw Ltd.
6-10, Haji Moosa Patrawala Ind. Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai 400 011.

NOTICE is hereby given that the **TWENTY-FIFTH ANNUAL GENERAL MEETING** of HONEYWELL AUTOMATION INDIA LIMITED will be held at **3.00 p.m. on April 16, 2009** in Hotel Le Meridien, RBM Marg, Pune 411 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended December 31, 2008 and the Balance Sheet as at that date.
2. To appoint a Director in place of Mr. M.N. Bhagwat who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Norman Gilsdorf who was appointed a Director of the Company by the Board of Directors effective February 6, 2009 in the casual vacancy caused by the resignation of Mr. Jack Bolick, and who, in accordance with Section 262 of the Companies Act, 1956, holds office up to the date of the forthcoming Annual General Meeting of the Company, but is eligible for re-appointment 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 Auditors and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED that in supersession of Resolution No.9 passed at the Annual General Meeting of the Company held on September 30, 1996, the consent of the Company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors to borrow from time to time any sum or sums of money which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, provided that the total amount of monies so borrowed shall not at any time exceed Rs.15000 lakhs (Rupees Fifteen Thousand Lakhs only)."

NOTES:

- a) The relevant details in respect of Item nos. 2 and 3 above, pursuant to Clause 49 of the Listing Agreements 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, April 2, 2009 to Thursday, April 9, 2009 (both days inclusive).
- 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, TSR DARASHAW LTD., 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
- g) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended March 31, 2002 will be transferred to the Investor Education and Protection Fund of the Central Government this year. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 2002 or any subsequent financial years are requested to make their claim to the Office of the Registrar and Transfer Agents;

Notice (contd.)**Honeywell Automation India Ltd.
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TSR DARASHAW LTD., 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. It may be noted that once the dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount.

- h) As per the provisions of the amended Companies Act, 1956, facility for making nomination 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.
- 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

Pune, February 6, 2009

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5:

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot except with the consent of the Company in General Meeting, borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose. At the Annual General Meeting of the Company held on September 30, 1996, the shareholders had accorded their consent to the Board of Directors borrowing upto Rs.5000 lakhs.

In order to finance the future expansion and diversification projects of the Company, the Board considers that the existing borrowing limit should be enhanced to Rs.15000 lakhs. The approval of the Shareholders under Section 293(1)(d) is therefore being sought to enable the Board of Directors to borrow monies to the extent of Rs.15000 lakhs in supersession of the earlier resolution passed on September 30, 1996.

The Directors commend the Resolution for acceptance by the Shareholders.

DETAILS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENTS

Item No. 3:

Mr. Norman Gilsdorf was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. Jack Bolick. Pursuant to Section 262 of the Companies Act, 1956, Mr. Norman Gilsdorf holds office only till the date upto which Mr. Jack Bolick, in whose place he was appointed would have held office, namely, till the date of the forthcoming Annual General meeting. The Company has received a notice in writing from a member as required by Section 257 of the Act, proposing the appointment of Mr. Norman Gilsdorf as a Director of the Company.

Mr. Norman Gilsdorf is President of the Process Solutions business for Honeywell's Automation and Control Solutions group. Mr. Gilsdorf has completed his Chemical engineering degree from Purdue University and has an MBA in international business and finance from the Northwestern University.

The Directors commend the Resolution for acceptance by the Members.

Memorandum of concern or interest :

Mr. Norman Gilsdorf is interested in his aforesaid appointment as the Director of the Company.

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Name of Director	Mr. M. N. Bhagwat	Mr. Norman Gilsdorf
Date of Birth	04.06.1932	18.12.1953
Date of Appointment	02.11.2004	06.02.2009
Expertise in specific functional areas	Engineering	Engineering
Qualifications	<ol style="list-style-type: none"> 1. B.E. (Mechanical & Electrical), University of Pune. 2. M.S. Mechanical Engineering, University of Illinois, USA. 3. Diploma in Business Management, Bajaj Management Institute, Mumbai. 	<ol style="list-style-type: none"> 1. Chemical engineering degree from Purdue University. 2. MBA in international business and finance from the Northwestern University.
List of public Companies in which outside Directorships held as on December 31, 2008	Kennametal India Limited Walchand People First Limited Walchand Talent First Limited Orpak Systems Limited	—
Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on December 31, 2008	Audit Committee: Kennametal India: Chairman Walchand People First Ltd.: Chairman Walchand Talent First Ltd.: Chairman Orpak Systems Ltd.: Member	—

Directors' Report**Honeywell Automation India Ltd.
Annual Report 2008**

Dear Members,

The Directors present the **TWENTY-FIFTH ANNUAL REPORT** with the audited statements of accounts of the Company for the year ended December 31, 2008.

1. FINANCIAL RESULTS :

Particulars	Year ended December 31, 2008 (Rs. in lakhs)	Year ended December 31, 2007 (Rs. in lakhs)
Sales & Other Income	97437	87177
Operating Profit	12691	10466
Less: Interest	72	206
Depreciation	852	1414
Profit for the year	11767	8846
Provision for tax	3986	3107
Deferred Tax Adjustment	(404)	(769)
PROFIT AFTER TAX	8185	6508
Profit brought forward from the previous year	11806	7358
Profit available for appropriations	19991	13866
APPROPRIATIONS		
General Reserve	—	1000
Proposed Dividend	—	884
Tax on proposed dividend	—	150
BALANCE CARRIED FORWARD	19991	11806

2. DIVIDEND :

Your Directors have thought it prudent not to recommend any dividend for the year ended December 31, 2008. This is in line with several initiatives that the Company will carry out to reduce operational costs and conserve cash resources and achieve sustained good performance in 2009 and beyond in the face of tough and challenging economic conditions and market slow down in several of the industries served by your Company. The focus on conserving internally generated cash in the current difficult environment is in the long-term interests of all stakeholders and will enable your Company to continue to invest in 2009 for expansion and upgrade of plant and facilities, incremental working capital and additional selective manpower hiring all towards achieving growth, improved efficiency, productivity and profitability in the years to come.

3. OPERATIONS :

Your Company is an Automation and Control Company providing customers with solutions that are responsive to their expectations for quality and delivery. Our products and solutions deliver productivity, comfort, safety and reliability to customers around the world in industry, commercial and infrastructure settings.

Our customers gain from integrated solutions across the business units whether its products and services those are required or more customized solutions and service. There is efficiency and value across the portfolio that ensures the best solution is brought to the customer based on their needs in which they operate.

Our teams are committed to learning and understanding each customer's business, which will help create the most appropriate solution and understanding of how it differs from what our competitors may propose.

The Company operates in five business units as briefly mentioned below. The Management Discussion & Analysis Report annexed herewith provides full details of operational performance and business analysis of these business units.

- **Honeywell Process Solutions (HPS)** – business serves core industrial sectors of Power, Refining, Oil & Gas, Pulp & Paper, Metal and Cement etc.
- **Honeywell Building Solutions (HBS)** – business provides solutions and services for facilities such as Commercial & Industrial Buildings, IT & ITES industry, Hospitals, Hotels, Airports, Mass Rapid Transit (MRT) etc.
- **Environment and Combustion Control (ECC)** – Through multi channels and multiple brands, offers environmental and combustion products and solutions to commercial, hospitality and industrial segments.
- **Sensing & Control (S&C)** – Products business provides various sensors and switches to manufacturing and automobile industry. This business serves primarily OEMs in various manufacturing industries such as auto, medical instrumentation, IT, etc.
- **Exports Business Group (EBG)** – Addresses manufacturing and engineering services needs of Honeywell along with some other non Honeywell customers across the globe, leveraging the cost, skills and knowledge arbitrage.

4. COMMUNITY DEVELOPMENT WORK :

HAIL has started a Child Sponsorship Program in close co-ordination with Sadhana Village, an NGO. We have sponsored 50 children from Kolwan Valley in Mulshi Taluka. This sponsorship monitors child health and education. The funding has been made possible by the contributions from employees. This is used for various CSR activities that HAIL undertook in the past year.

HAIL organized two Blood Donation camps conducted in the Company premises, involving employees. The Company continues its activities with community development work under the employee engagement program called DISHA.

Volunteers also visit 'The School for the Handicapped Children at Wanowrie. Computer classes are organized for these children, besides lessons in English speaking, Mathematics and Science.

5. DIRECTORS :

During the year under review and upto the date of this report, Mr. Jack Bolick, nominee of Honeywell and Mr. Harshavardhan Chitale, Executive Director, 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 Company. Mr. Shane Tedjarati has been appointed as Director nominated by Honeywell in place of Mr. Chitale and Mr. Norman Gilsdorf has been appointed as Director nominated by Honeywell in place of Mr. Bolick on the Board of the Company.

The Board also appointed Mr. M. N. Bhagwat, Independent Director, as Chairman of the Board, in the Board meeting held on February 6, 2009, with immediate effect.

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. M.N. Bhagwat and Mr. Norman Gilsdorf, retire by rotation and are eligible for reappointment.

6. MANAGEMENT DISCUSSION & ANALYSIS/CORPORATE GOVERNANCE REPORT :

As per Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report and Corporate Governance report are annexed and form part of the Directors Report.

7. CODE OF CONDUCT COMPLIANCE :

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the Financial Year 2008 is annexed and forms part of the Corporate Governance Report.

8. 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.

9. AUDITORS :

M/s. Price Waterhouse & 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.

10. OTHER INFORMATION :

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 pertaining to absorption of technology, foreign exchange earnings, is given as an Annexure to this Report and forms part of it. As per provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report and Accounts are being sent to the shareholders excluding the statement giving particulars of employees under Section 217(2A) of the Act. Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

11. 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 investors, customers, vendors, regulatory authorities and bankers.

For and on behalf of the Board
M. N. BHAGWAT
Chairman

Pune, February 6, 2009

Registered Office :

56 & 57, Hadapsar Industrial Estate,
Pune 411 013

Annexure to Directors' Report**A) CONSERVATION OF ENERGY :**

2009 was an extremely tough year from energy availability perspective. Extreme power shortages in industrial areas of Pune caused a lot of hardship and high cost of operation. In spite of these testing times, your Company continued to support public/private partnership to supply power to grid. We have also taken measures for more enhanced power monitoring at all consumption points to drive improvement actions.

B) TECHNOLOGY ABSORPTION :

Honeywell Automation India Limited, being an affiliate company of Honeywell International, has access to relevant technology and latest products applicable to its portfolio. We continue to roll out new products and technology in the Indian markets as and when they are rolled out in our part of the world. We also selectively decide to manufacture some products in India depending upon business case.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rs. '000)

(i) Foreign Exchange Earned	4223116
(ii) Foreign Exchange Used	3372205


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