

# Honeywell

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2006  
Annual Report

From manufacturer to consumer,  
pilot to passenger,  
home builder to home owner, and  
physician to patient,

Honeywell technologies improve  
people's lives in their homes,  
communities, work places and travels.

**Board of Directors (As on 03/02/2007)**

Mr. J. R. Ellis	(Chairman)
Mr. H. M. Chitale	(Vice Chairman)
Mr. G. Willis	(Director)
Mr. V. Kapur	(Managing Director)
Mr. M. N. Bhagwat	(Independent Director)
Mr. S.L. Rao	(Independent Director)
Ms. Sneha Padve	(Company Secretary)

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**Senior Management Team (As on 03/02/2007)**

Mr. H. Aparanji	Head - Human Resources
Mr. A. Bhargava	Head - Integrated Supply Chain
Mr. A. Pai	Chief Financial Officer
Mr. S. Pradhan	Head - Sensing & Control
Mr. N. Pradhan	Head - Environment, Combustion & Control
Mr. S. Vij	Head - Building Solutions

**Registered Office**

56 & 57, Hadapsar  
Industrial Estate,  
Pune 411 013

**Auditors**

Price Waterhouse & Co.  
Chartered Accountants

**Bankers**

ABN-Amro Bank N.V.  
Canara Bank  
Bank of Baroda  
State Bank of Travancore  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
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****Honeywell Automation India Ltd.****Annual Report 2006**

**NOTICE** is hereby given that the **TWENTY-THIRD ANNUAL GENERAL MEETING of HONEYWELL AUTOMATION INDIA LIMITED** will be held at **11.00 a.m. on Friday, April 13, 2007** in Hotel Le Meridien, Raja Bahadur Marg, Pune 411 001 to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended December 31, 2006, the Balance Sheet as at that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. M.N. Bhagwat who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. John Ellis who was appointed a Director of the Company by the Board of Directors effective January 1, 2006 in the casual vacancy caused by the resignation of Mr. John O'Higgins, 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 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.
5. **To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions of the Companies Act, 1956, the Company hereby approves of the appointment and remuneration of Mr. Vimal Kapur as Managing Director, with effect from November 1, 2006, 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. Kapur."

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

"RESOLVED THAT pursuant to the provisions of Sections 269, 309 and other applicable provisions of the Companies Act, 1956, the Company hereby approves of the appointment and remuneration of Mr. Harshavardhan Chitale as Executive Director, with effect from November 1, 2006, 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. Chitale."

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 163 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Registers of Members, Indexes of Members, the Registers and Indexes of Debenture holders and bond holders, if any, and copies of all Annual Returns prepared under Section 159 of the Act, together with copies of certificates and documents required to be annexed thereto under Section 161 of the Act, or any one or more of them, be kept at the Registered Office of the Company and/or the offices of the Company's Registrars and Share Transfer Agents – TSR Darashaw Limited, 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.

8. **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 percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 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 & Executive Directors) 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 with the financials for the year commencing 1<sup>st</sup> January, 2007."

9. To appoint Auditors and to fix their remuneration.

**Notice** (contd.)**Honeywell Automation India Ltd.****Annual Report 2006****NOTES:**

- a) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item nos. 4, 5, 6, 7 & 8 set out above and the relevant details in respect of Item nos. 3 & 4 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 Tuesday, April 3, 2007 to Wednesday, April 11, 2007 (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 April 27, 2007 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 TSR Darashaw Ltd.
- e) 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.
- f) 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.
- g) 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.
- h) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended March 31, 2000 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 31<sup>st</sup> March 2000 or any subsequent financial years are requested to make their claim to the Office of the Registrar and Transfer Agents; 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.
- i) 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.
- j) Shareholders are requested to bring their copy of Annual Report to the meeting.

By order of the Board of Directors

Mumbai, February 3, 2007

**Registered Office:**

56 & 57, Hadapsar  
Industrial Estate,  
Pune 411 013.

**Sneha Padve**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 4 :**

Mr. John Ellis was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr. John O'Higgins. Pursuant to Section 262 of the Companies Act, 1956, Mr. John Ellis holds office only till the date upto which Mr. John O'Higgins, 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 Mr. John Ellis as a Director of the Company.

Mr. John Ellis is the President-ACS of Honeywell Asia Pacific Inc. He has done his MBA from Harvard and BS from Haverford College.

The Directors commend the Resolution for acceptance by the Members.

None of the Directors of the Company are interested in this Resolution except Mr. John Ellis.

**Item No. 5 :**

Mr. Vimal Kapur has been appointed as Managing Director of the Company w.e.f. November 1, 2006 for a period of 5 years, subject to the approval of the shareholders. Mr. Harshavardhan Chitale relocated to Honeywell Inc. USA and hence resigned as the Managing Director of the Company w.e.f. November 1, 2006. Consequent to his resignation, the Board passed a resolution appointing Mr. Kapur as the Managing Director for a period of 5 years w.e.f. November 1, 2006, on the following terms and conditions:

I) Mr. Vimal Kapur shall, as the Managing Director, be head of the Management Team and shall, subject to the supervision and control of the Board of Directors, be responsible for the overall conduct and functioning of the Company.

II) **Period :** Five years w.e.f. November 1, 2006 with liberty to either party to terminate the appointment by three months notice in writing to the other.

III) **Remuneration :**

1. A basic salary scale of Rs.1,50,000/- to 4,00,000/- per month, with authority to the Board to fix his salary within this scale from time to time. The annual increment will be merit based and take into account the Company's performance.

2. **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 Act. 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. The Managing Director will also be entitled to stock issued by Honeywell Inc., from time to time as per Honeywell policy.

3. **Perquisites and 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 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 limited to 30% of his annual salary.
- b) For the purpose of calculating the above ceiling, perquisites 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.
- c) Provision for the use of the Company's Car for official duty and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites and allowances 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, not taxable under the Income Tax Act; Gratuity payable as per the rules of the Company and encashment

of leave at the end of tenure shall not be included in the computation of the limits for the remuneration or perquisites mentioned above.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being, be in force.

4. **Minimum remuneration :** Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the Managing Director, the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary and perquisites as specified above.

#### **Memorandum of concern or interest :**

Mr. Vimal Kapur is interested in his aforesaid appointment as the Managing Director of the Company.

#### **Item No.6 :**

Mr. Harshavardhan Chitale is relocating to a global position in Honeywell Inc. as Vice-President (Marketing & Strategy) for Honeywell Process Solutions Business Unit but will continue to remain on Board as the Vice-Chairman. He continues to remain on the employment rolls of HAIL and hence he has been appointed as an Executive Director on the following terms and conditions:

- I) **Period :** Three years w.e.f. November 1, 2006 with liberty to either party to terminate the appointment by three months notice in writing to the other.

#### **II) Remuneration :**

1. A basic salary scale of Rs.2,00,000/- to 5,00,000/- per month, with authority to the Board to fix his salary within this scale from time to time.

#### **2. Perquisites and Allowances :**

- a) In addition to the salary payable, the Executive 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, car allowance 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 Executive Director; such perquisites and allowances will be limited to 300% of his annual salary.
- b) Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together, not taxable under the Income Tax Act; Gratuity payable as per the rules of the Company and encashment of leave at the end of tenure shall not be included in the computation of the limits for the remuneration or perquisites mentioned above.

The above payments made to the Executive Director comprising of salary, perquisites and allowances shall be reimbursed to the Company by Honeywell Inc., USA for the entire period during which Mr. Chitale is on deputation for his global assignment.

The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modifications or re-enactment thereof for the time being, be in force.

3. **Minimum remuneration :** Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the Executive Director, the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary and perquisites as specified above.

#### **Memorandum of concern or interest :**

Mr. Harshavardhan Chitale is interested in his aforesaid appointment as the Executive Director of the Company.

**Item No. 7 :**

Consequent to the takeover of Tata Share Registry Ltd. by Darashaw and Company, the name has been changed to TSR Darashaw Limited and the office has shifted to 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. In order to enable them to carry out their work at their new premises, it will be necessary for the Company to keep its Registers of Members, Indexes of Members etc. at the office of TSR Darashaw Limited.

Section 163 of the Companies Act, 1956, provides that the approval of the Shareholders by way of a Special Resolution is necessary for keeping the Registers of Members, Indexes of Members etc. at places other than the Registered Office of the Company. The proposed Resolution is for obtaining such approval of the Members. The time for inspection of documents by the Shareholders or such persons as are entitled to inspection will be between 11.00 a.m. and 1.00 p.m. on every working day of the Company or of TSR Darashaw Limited.

**Item No. 8 :**

At present the Directors of the Company (other than the Managing & Executive Director) are paid a fee of Rs.20000/- 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 & Executive Director) be paid with effect from the financials for the year commencing 1<sup>st</sup> January 2007, 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.

<b>Name of Director</b>	Mr. M.N. Bhagwat	Mr. John Ellis
<b>Date of Birth</b>	04.06.1932	03.03.1942
<b>Date of Appointment</b>	02.11.2004	01.01.2006
<b>Expertise in specific functional areas</b>	Engineering	Engineering
<b>Qualifications</b>	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.	1. M.B.A. Harvard Graduate School of Business Administration 2. B. S. Haverford College
<b>List of public Companies in which outside Directorships held as on December 31, 2006</b>	Nelco Limited Kennametal India Ltd. Walchand Capital Limited Technopolis Knowledge Park Ltd. Nelito Systems Ltd. Orpak Systems Ltd.	—
<b>Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on December 31, 2006</b>	<b>Audit Committee :</b> Kennametal India Ltd. - Chairman Walchand Capital Ltd. - Chairman Nelco Limited - Chairman Orpak Systems Ltd. - Member  <b>Shareholder Grievance Committee :</b> Nelco Limited - Chairman	—

**Directors' Report****Honeywell Automation India Ltd.****Annual Report 2006**

Dear Members,

The Directors present the **TWENTY-THIRD ANNUAL REPORT** with the audited statements of accounts of the Company for the year ended December 31, 2006.

**1. FINANCIAL RESULTS :**

<b>Particulars</b>	<b>Year ended December 31, 2006 (Rs. in lacs)</b>	<b>Year ended December 31, 2005 (Rs. in lacs)</b>
Sales & Other Income	66837.86	51464.39
Operating Profit	8999.74	5269.57
Less: Interest	217.00	348.67
Depreciation	981.61	1097.86
Amortisation of	36.36	22.19
Miscellaneous Expenditure		
Profit for the year	7764.77	3800.85
Provision for tax	2214.13	410.68
Deferred Tax Adjustment	(250.31)	(18.03)
<b>PROFIT AFTER TAX</b>	<b>5800.95</b>	<b>3408.20</b>
Profit brought forward from the previous year	3565.28	1967.85
Profit available for appropriations	9366.23	5376.05
<b>APPROPRIATIONS</b>		
General Reserve	1000.00	1000.00
Proposed Dividend	884.15	707.32
Tax on proposed dividend	124.00	103.45
<b>BALANCE CARRIED FORWARD</b>	<b>7358.08</b>	<b>3565.28</b>

**2. DIVIDEND :**

Final dividend @Rs.10 per share of Rs.10 each was recommended by the Board in their meeting held on February 3, 2007.

**3. OPERATIONS :**

The Honeywell Process Solutions (HPS) business grew in all major segments of its operations such as Metals, Chemicals, Paper & Pulp, Oil & Gas etc. The HPS business won major contracts from Reliance Jamnagar Refinery, Hindustan Petroleum Corporation Ltd., Bongaigaon Refinery and Petrochemicals Ltd., Indian Petroleum Corporation Ltd., Indal, Hindustan Zinc, Steel Authority of India Ltd., Italcementi, Reliance Energy etc. and also won a large number of orders from the Sugar Industry from Renuka Sugars, Dalmia Sugars etc. HPS successfully expanded its project operations in Chennai and Jamshedpur to be closer to customer which is delivering results in faster project close outs and higher customer satisfaction. HPS is also making major investments to expand its manufacturing facilities to cater to its current and future growth and expanded facilities are expected to be completed by June 2007.

Honeywell Business Solutions (HBS) delivered a good growth over last year. The major orders won during 2006 include Tata Consultancy Services, Mandke Research, Magus, IBM, Flextronics, Regenesys etc. These orders were bagged across the entire offering range of Solutions, Services and Energy across our major verticals of Office Space/IT Space, Healthcare, Hospitality, Drugs & Life Sciences, Retail, Infrastructure and Industrial Complexes. HBS was also recognized across the entire value chain by bagging 6 national level awards during the year from reputed organizations such as the Confederation of Indian Industry, MEDA, Frost & Sullivan and several other recognitions for our market leadership in this business.

Environment Combustion Control (ECC) also showed a healthy growth over 2005. The major orders received were from Voltas, Prestige Builders and Parle Products. In 2006 NOVAR building management business was integrated successfully in ECC India as part of global acquisition.

The Sensing & Control (S & C) Products business won major orders from Indfoss, Delta Engineer, Terex Vectra, Ashok Leyland and Escorts. Honeywell has started supplying Crank sensors and pressure sensors to Tata Motors. These sensors are installed on the engines and critical parts of the engines. Tata Motors is using Honeywell sensors in their passenger car.

Global Engineering Services continued its organic growth in 2006 and has exceeded 1 Million hours of engineering services spread across all continents. The electronic systems export facilities initiated in 2005 were expanded to double its capacity

and were utilized at 100% in the very first year of its commercial operations. The business faced profit pressure due to rapidly escalating manpower cost which was mitigated by favorable dollar exchange rate and internal productivity improvement programs. With the boom in the Indian engineering industry there was an immense pressure on resource supply. In order to address this market condition, the business launched several initiatives to enhance employee engagement and thereby managed attritions levels below market average.

Your Company also decided to discontinue distribution of security products through third party distributors as this was causing conflict with our Honeywell Business Solutions business. As this business was started only in 2006, there is no material impact of this decision on the current Profit or Balance Sheet.

#### **4. INITIATIVES DURING 2006 :**

In the year 2006, your Company successfully automated about 200 petrol stations spread all over India for oil majors like Indian Oil Corporation Ltd., IBP Co. Ltd. and Hindustan Petroleum Corporation Ltd. Automation in petrol stations is a major initiative taken by all the oil companies for the first time in India for consumer satisfaction and retention. It is an emerging market and your Company has largest market share in this segment. Your Company received confirmation from oil major like Indian Oil Corporation Ltd., and Hindustan Petroleum Corporation Ltd., to go ahead with automation of their more than 1200 petrol stations to be completed in 2007. With success and valuable experience for petrol station automation, a new opportunity has opened not only for domestic market but also for looking at many global markets.

Your Company has taken major capital investment to expand its manufacturing and office space. The project will create 170,000 sq. feet of additional space at our Pune headquarters and would cater to our current and future growth needs.

Your Company is also working actively to add System Integrators for Novar Building Control products to serve a wider market in the rapidly growing construction segment. We already have appointed 10 System Integrators and hope to continue to expand on this program in 2007.

Your Company has initiated S&C Transportation as a growth initiative. This initiative has started delivering results and we have won couple of projects, which will bring revenue growth year on year. Some of the major customers are Tata Motors, Escorts, BEML, Action Construction, Caterpillar, Larsen & Tubro Komatsu, Ingersol Rand, Godrej and Voltas etc.

Your Company has increased its focus on compliance to Health and Safety across its facilities and also at various customer locations where we work in India and globally. The implementation of a comprehensive Health Safety & Environment program has shown positive results and your company can be compared with other manufacturing companies to implement best procedures and practices.

#### **5. COMMUNITY DEVELOPMENT WORK :**

The community development work under the employee engagement program called DISHA had launched a mentorship and education programme with an NGO called Hermann Greimer Social Centre (HGSC). HGSC works with street children to help them with education, vocational training and give them a firm foundation for a better life. This is an employee volunteer programme where employees spend time with the children helping them with their studies, especially in Science, Mathematics and spoken English.

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.

The Company also continues to donate computers as and when available, to the government approved schools and needy institutions. This is our CRS mission towards 'Education'.

#### **6. DIRECTORS :**

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. John Ellis retires as a Director appointed in a casual vacancy and is eligible for reappointment. Mr. M.N. Bhagwat retires by rotation and is eligible for re-appointment. Mr. Harshavardhan Chitale has been deputed to Honeywell Inc. US and he remains on Board as the Executive Vice-Chairman subject to the approval of the shareholders. Mr. Vimal Kapur has been appointed, subject to the approval of the shareholders, as the Managing Director of the Company.

#### **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;