

## Board of Directors (As on 01/03/2010)

Mr. Madhukar Bhagwat	(Chairman & Independent Director)
Mr. Shane Tedjarati	(Director)
Mr. Norman Gilsdorf	(Director)
Mr. Gerard Willis	(Director)
Mr. Surendra Rao	(Independent Director)
Mr. Anant Maheshwari	(Managing Director)
Ms. Sneha Padve	(Company Secretary)

## Senior Management Team

Ananthanarayanan K. V.	Head Legal
Aparanji Harsh	Head Human Resources
Bagaitkar Ravi	Head Business Process Excellence
Biswas Amitava	Head Integrated Supply Chain
Kelkar Anant	Head Information Technology
Nemade Snehal	Head Audit & Internal Controls
Pai Atul	Chief Financial Officer

## Honeywell Process Solutions

Bhargava Ajay  
Abraham T. Joy  
Joshi Hemant  
Kumar Salil  
Shah Dharmesh

## Honeywell Building Solutions

Godbole Milind  
Dharachar Girish  
Rao Vasudeva

## Environment & Combustion Controls

Pradhan Ninad

## Sensing & Controls

Vinod Bambarkar

## Export Business

Tumkur Savyasachi  
Bhatia Vivek  
Mirakhur Rohit  
Naik Jagdish  
Rajagopal KS

## 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.

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**NOTICE** is hereby given that the **TWENTY-SIXTH ANNUAL GENERAL MEETING** of HONEYWELL AUTOMATION INDIA LIMITED will be held at **3.00 p.m. on Thursday, April 22, 2010** in Honeywell Automation India Ltd., 56 & 57 Hadapsar Industrial Estate, Pune 411 013 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, 2009 and the Balance Sheet as at that date.
2. To declare dividend.
3. To appoint a Director in place of Mr. Gerard Willis who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Shane Tedjarati who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:  
To appoint a Director in place of Mr. Anant Maheshwari, who was appointed an Additional Director of the Company by the Board of Directors with effect from March 1, 2010, under Section 260 of the Companies Act, 1956 and Article 144 of the Articles of Association of the Company and who holds office upto the date of the forthcoming Annual General Meeting but who 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.
7. 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. Anant Maheshwari as Managing Director, with effect from March 1, 2010, 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. Maheshwari."

**NOTES:**

- a) The relevant details in respect of Item nos. 6 and 7 above, pursuant to Section 173 of the Companies Act, 1956 and Item nos. 3 & 4 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 6, 2010 to Thursday, April 15, 2010 (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 despatch the Dividend Warrants from April 29, 2010 onwards.
- d) Members are requested to note that the Dividend Warrants are payable at par at the branches as printed overleaf of the Dividend Warrants 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 - 400011.
- h) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended March 31, 2003 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 2003 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**

**Sneha Padve**  
Company Secretary

Pune, February 15, 2010

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

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

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

Mr. Anant Maheshwari was appointed by the Board of Directors with effect from March 1, 2010, as an Additional Director on the Board. He therefore holds office only upto the date of the forthcoming Annual General Meeting, and is eligible for reappointment. The Company has received a notice in writing from a member as required by Section 257 of the Act, proposing the appointment of Mr. Maheshwari as a Director.

Mr. Anant Maheshwari has been with the Honeywell Group based at Delhi since the last 6 years and has held various important positions such as Director – Business Development, Honeywell International India; Director, South Asia – Honeywell Security and most recently he was Managing Director – ADI Asia Pacific. Prior to joining Honeywell, he was with McKinsey & Company. Anant has done his BE (Hons) Electrical & Electronics from BITS Pilani; MSc (Hons) Economics, BITS Pilani and is an MBA (PGDBM), Indian Institute of Management, Ahmedabad.

Mr. Anant Maheshwari is concerned and interested in the matter.

### **Item No. 7:**

Mr. Vimal Kapur has accepted a position with Honeywell International Inc. and will be based in Bracknell, UK and pursuant to his new role he has resigned from the Board of Directors w.e.f. March 1, 2010. Consequent to his resignation, the Board passed a resolution appointing Mr. Anant Maheshwari as the Managing Director for a period of 3 years w.e.f. March 1, 2010, on the following terms and conditions:

- I) Mr. Anant Maheshwari 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) Remuneration:**

1. A Total Fixed Cash of Rs. 88,00,000/- (Rupees Eighty Eight lakhs) to Rs. 1,20,00,000/- (Rupees One crore, Twenty lakhs only) per annum, with such increases as may be determined by the Remuneration Committee of Directors from time to time and approved by the Board of Directors of the Company. The annual increment will be merit based and take into account the Company's performance.

**2. Commission:**

Such remuneration by way of commission (ICP), in addition to the Total Fixed Cash 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 eligible to long term incentives such as stock options, restricted units issued by Honeywell International Inc., from time to time as per Honeywell policy.

**3. Retirals:**

Company's contribution to Provident Fund, to the extent it is 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.

**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.

III) The terms and conditions of the said appointment and/ agreement may be altered and varied from time to time by the Board, as it may, in its discretion, deem fit within the maximum amounts payable to Managing Director, subject to the provisions of Sections 198, 309 and 310 and Schedule XIII of the Companies Act, 1956, or any other amendments made hereafter in this regard.

IV) There are other usual provisions in the agreement relating to termination of contract, observing strict secrecy in respect of business matters, etc.

Mr. Anant Maheshwari is concerned and interested in the matter.

**Item Nos. 3 & 4:**

<b>Name of Director</b>	Mr. Gerard Willis	Mr. Shane Tedjarati
<b>Date of Birth</b>	27.12.1953	16.11.1962
<b>Date of Appointment</b>	01.01.2005	14.10.2008
<b>Expertise in specific functional areas</b>	Law	Engineering
<b>Qualifications</b>	<ol style="list-style-type: none"> <li>1. New York University School of Law, 1986 Honors.</li> <li>2. Brown University-B.A. International Affairs Honors.</li> <li>3. George Washington University School of Public and International Affairs, Washington D.C.; M.A. International Affairs.</li> </ol>	<ol style="list-style-type: none"> <li>1. McGill University, Montreal - Computer Science and Mathematics.</li> <li>2. University of Surrey, United Kingdom - MBA</li> </ol>
<b>List of Indian Public Companies in which outside Directorships held as on December 31, 2009</b>	—	—
<b>Chairman/Member of the Committees of the Board of the Companies on which he is a Director as on December 31, 2009</b>	—	—

Dear Members,

The Directors present the **TWENTY-SIXTH ANNUAL REPORT** with the audited statements of accounts of the Company for the year ended December 31, 2009.

## 1. FINANCIAL RESULTS :

Particulars	Year ended December 31, 2009 (Rs. in lacs)	Year ended December 31, 2008 (Rs. in lacs)
Sales & Other Income	118137	101335
Operating Profit	19446	12691
Less: Interest	61	72
Depreciation	1186	852
Profit for the year	18199	11767
Provision for tax	5762	3986
Deferred Tax Adjustment	(843)	(404)
<b>PROFIT AFTER TAX</b>	<b>13280</b>	<b>8185</b>
Profit brought forward from the previous year	19991	11806
Profit available for appropriations	33271	19991
<b>APPROPRIATIONS</b>		
General Reserve	1328	—
Proposed Dividend	884	—
Tax on proposed dividend	150	—
<b>BALANCE CARRIED FORWARD</b>	<b>30909</b>	<b>19991</b>

## 2. DIVIDEND:

Final dividend @Rs.10/- per share of Rs.10/- each was recommended by the Board in their meeting held on February 1, 2010.

## 3. OPERATIONS:

The Management Discussion & Analysis Report annexed herewith provides full details of operational performance and business analysis of these business units.

- **Honeywell Process Solutions (HPS)** – Serves core industrial sectors of Refining, Oil & Gas, Pulp & Paper, Metal and Cement etc.
- **Honeywell Building Solutions (HBS)** – 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 embarked upon the journey to bring a small difference to society by focusing on – Health, Education & Environment through its club named Disha, which is an employee engagement program. HAIL initiated contributions from the employees through payroll and this funding has given way to various CSR projects undertaken this year. HAIL has continued to sponsor 50 children from Kolwan Valley in Mulshi Taluka in close co-ordination with Sadhana Village, an NGO. This sponsorship monitors child health and education. HAIL has worked with Aabha, an organization that focuses on educating people in rural areas on the health aspect, once again focusing on the Kolwan Valley.

HAIL has sponsored the construction of a new site Astitva Pratishthan, which is a Residential Vocational School which can accommodate 25 students a year. This program teaches youth vocational courses and aims at achieving development through educational system, imbibe a scientific temper & awaken the hidden potential in youths. In addition to this HAIL has sponsored 10 youths to attend this Diploma in Basic Rural Technology in an already running school - Vigyan Ashram.

HAIL conducted a discovery workshop to enhance skills of teachers to understand the principles of Mathematics, Science and Geography. Teachers from 12 schools were covered under this workshop.

**5. DIRECTORS:**

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Gerard Willis and Mr. Shane Tedjarati, retire by rotation and are eligible for reappointment. Mr. Vimal Kapur has resigned as Managing Director pursuant to having accepted a new role in Honeywell. The Board places on record its sincere appreciation for the services rendered by him towards the success of this Company. Mr. Anant Maheshwari has been appointed as an Additional Director and Managing Director and he is eligible for re-appointment at this Annual General Meeting.

**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 Honeywell Code of Conduct by Directors and Senior Management, for the Financial Year 2009 is annexed and forms part of the Directors 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.

**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.

Pune, February 15, 2010

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

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

**Annexure to Directors' Report**

**A) CONSERVATION OF ENERGY :**

Your Company makes every effort to conserve energy required for all its operations. We have also taken measures for more enhanced power monitoring at all consumption points to drive improvement actions.

**B) TECHNOLOGY ABSORPTION :**

HAIL being an affiliate company of Honeywell International Inc., it has access to all the latest products and technology of the parent Company. 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. Honeywell International Inc. also decided to shift manufacturing of some of its products to Pune and we have successfully absorbed technology for temperature transmitters and batch controllers in 2009.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. '000)

(i) Foreign Exchange Earned	5366353
(ii) Foreign Exchange Used	4124963



**HIGHLIGHTS OF PERFORMANCE & MAJOR EVENTS IN 2009**

- Orders up by 34% ↑
- Sales up by 17% ↑
- EBIDTA at Rs.190,30 Lakhs, up 52% ↑
- Improved Operating Cash Flow Performance and focused Working Capital Improvement of 5% as a percentage of Sales.
- Aggressive Cost and productivity actions to optimize Cost to Serve while addressing possible volume challenges driven by Economic Conditions.

**INDUSTRY OUTLOOK AND OPPORTUNITIES**

Honeywell Automation India Limited (HAIL) operating results are driven by Industrial production, Capital Spending on Process and Building Automation, Commercial & Infrastructure Construction, Commodity and Foreign Exchange variations, Environment, Security and Safety concerns and regulations. Some of the important market conditions were :

- Tailwinds in exports volume from Honeywell and Non Honeywell customers due to favourable order mix and further compelling needs to leverage emerging regions for delivery of global projects.
- Continued Government spending on key infrastructure projects like Roads, Airports, Mass Transit systems, Energy Conservation initiatives and Electronic Security spending helping volume growth opportunities in Buildings Segment.
- Investment upcycle in Power, Transmission and distribution, Oil Exploration projects off set headwinds due to delayed decisions in Oil Marketing and distribution investments and private investments in Chemicals, Paper and other Small and Medium Enterprises (SME) process Industries.
- Firming demand in last quarter of 2009 in Automobile segment, Tier 2 and 3 cities in Construction segment and some improvement in Credit availability to SME are reversing trends of volume shrinkage which persisted through most of 2009.

**Honeywell Process Solutions (HPS):**

Solutions offered include Field Instruments, PLC's, Distributed Control Systems, Emergency Shut down Systems (ESD), Quality Controls Systems (QCS), Advanced Software Solutions and various value added services. Overall the business performed very well in 2009 and won several new contracts from customers across various vertical markets that your Company addresses.

Process Solutions offers its Solutions & Products in 4 modes .Each of the mode i.e New Construction, Advance Solutions, Life Cycle Services (LCS) & Field Solutions did very well & order booking in 2009 grew substantially over 2008.

The major wins included two large Power Projects from NTPC in addition to large orders from Essar, Tata Steel, Reliance Power, General Electric, Reliance Industries, RCF, etc to name a few of our esteemed customers. The business won many Operator Training Simulator projects in Power & Refinery segments & has established its leadership position in advance applications within Industrial customers. Honeywell Field Instruments (HFS) won few large projects & launched wireless Products in India. HFS won a large deal from British gas for off shore application. Life Cycle Services (LCS) division also did very well & helped many customers with its value added services like Operator driven Reliability & Migration services.

2010 will be a challenging year for HPS due to increased competition in the market. However, given the vast diversity of Products and Solutions portfolio & market reach, we will strive to sustain our good performance of 2009 in 2010 as well. We shall rely heavily on continuous investments made in our country in Refining, Power and Gas sectors. Your Company has a strong position in each of these Industries and with the available opportunities; we expect to win a fair share of the demand.

HPS has also launched Industrial Security & Energy Management portfolio in 2009. Renewed higher threat perception and focus of energy conservation will lead to growth potential in these applications & your Company has a strong Product/ Solution portfolio.

HPS globally continues to invest in technology even in recession time & these continued investments in new Products will help HPS to make its competitive position much stronger in 2010.

**Honeywell Building Solutions (HBS):**

HBS provides intelligent buildings that are operationally & energy efficient. As part of its intelligent buildings suite, HBS provides Building Management Systems (HVAC, Lighting and Utilities Monitoring & Control), Fire Detection & Alarm Systems, Access Control Systems, Video Surveillance Systems, Integrated Security Systems and Integrated Building Management Systems leveraging Honeywell's Enterprise Buildings Integrator™ or EBI. As part of its operational efficiency promise, HBS provides After Market Services for all Control Systems as well as comprehensive Utilities Operations & Maintenance Services for all Mechanical and Electrical Systems in a building and as part of its energy efficiency promise, HBS provides Energy Management Services, Energy Retrofits and Energy Performance Contracts.

This business performed well in 2009 and won several contracts in each of the three focus areas. In the intelligent buildings space your Company won several major project wins such as ICICI Bank, Delhi Metro, HCL Technologies, Tata Consultancy Services, Bharti Airtel and many others. In the area of operational efficiency your Company won major After Market Services Contracts from ICICI Bank, TCS, TTSL and Hyderabad Airport, to name a few and Utilities Operations & Maintenance Contracts from Bharti Airtel. Finally in the area of Energy Efficiency your Company won major Energy Contracts from the Renaissance (leveraging the Clinton Climate Initiative), Titan, Thermax, Rahejas, TATA Steel and SKF.

With a credible track record, an ability to innovate and solid systems and processes for execution and Life Cycle Management, this business is poised for sustained profitable growth in 2010.

**Environment and Combustion Control (ECC):**

ECC witnessed a flat year in a challenging environment with the continued effect of soft economy in Real Estate & Commercial Construction. The Building Management System (BMS) business, though adversely affected by decrease in number of projects in market, was successful in winning major orders from ITC Grand Chola, Marriot & some orders for stadiums built for the Commonwealth Games 2010. The Industrial Combustion Control business saw some positive trends with revival of industrial demand in the last quarter. Solar water heater launched in early in 2009 registered good business from residential sales and is expected to show strong growth in 2010 driven by rising energy cost and implementation of Government policies in leveraging Renewable Energy Solutions.

Revival of Construction and Real Estate Segment would drive growth of the diversified product portfolio for the business in 2010.

**Sensing & Control (S&C):**

Sensing & Control (S&C) – Sensing and Control improved business performance over 2008 inspite of very low demand in the Transportation segment and reduced OEM off-take by improving the business mix and reduced dependence on the Automotive segment. The expanded Test & Measurement line of business has contributed substantially to the growth with focused penetration in Military and Aeronautical industries, Educational & Research Institutions.

To improve market penetration and enhance customer contact, Sensing & Control has re-aligned the sales and marketing teams in key verticals viz. Industrial, Military/Aeronautical and Transportation and this is providing the desired results. The business is also investing to increase its local manufacturing.

Firming demand in automobile segments and diversification in other verticals and applications will help the business to pursue growth in 2010.

**Exports Business Group (EBG):**

EBG business offers product manufacturing, solutions and services to overseas requirements of Honeywell and other customers continues to show strong growth due to increased flow of work from Honeywell which is further helped substantially by favourable exchange rate. The Engineering Services business export, which are part of total exports, grew by 30% in 2009. The expansion was driven by project execution upcycle of large global projects in the backlog. Honeywell Operating System (HOS) represents holistic approach to operational excellence and the business continued to drive Cost and Engineering Productivity under this framework. Service expansion to other Honeywell Companies has diversified the business. This has also resulted in skill expansion within the team and multi-tasking. Knowledge Management is a focus area. An initiative towards increased product ownership for global support has resulted in transfer of engineering skills to HAIL. Product Localization and Value Engineering aimed at optimizing product cost has been initiated on a variety of products.

The Global Supply Chain rationalization initiative stabilized in early part of 2009; however global volumes saw considerable shrinkage driven by demand contraction in the Field Solution Products. The business made earnest efforts to sustain profitability in reducing global volumes, which continue to be strained in the immediate future. The Company's manufacturing facility continued to get accreditation for Manufacturing Excellence by Frost & Sullivan India.

The initiative of providing turnkey solutions to global organizations continues to be successful. The business executed on schedule, large turnkey global projects.

## **FINANCIALS**

The Highlights given above provide details of many key indicators of strong financial performance of your Company in 2009. The long cycle nature of our Project and Solution business, and diversified portfolio by Industry and Geography, gave opportunity to the leadership to address its Growth Priorities and Cost to Serve position. This resulted in a strong financial performance in 2009, while most peer companies had a challenging growth, income and cash performance.

Growth in volumes were driven by exports business which had an upcycle in large global project execution, which had further tailwinds in the cost mix and better realization due to favourable exchange variation attributing to an improved margin performance resulting in a substantial improvement in EBITDA. The proportion of Greenfield project revenue was, however, lower, due to purely cyclical reasons.

Tough credit environment gave an opportunity for HAIL to focus on its entire Customer to Cash cycle; this focus resulted into a much leaner Working Capital and improved Cash generation from Operations. The accelerated cash cycle ensures that the Company targets a matrix of Cash Generation from operations being higher than its Net Income.

## **RISKS & CONCERNS**

While your Company is diversified in various Products, Industries and Geography, major macro economic indicators are generally cautious around investments in the Process and the Construction Industries. While your Company is expecting to achieve a fair share in the reduced opportunities due to global recession, the diversification is helping it to manage these recessionary trends in focusing on right business. While we continue to believe that the fundamentals appear to be strong, and Domestic Infrastructure Investments continue to be resilient, the overall competitive landscape is becoming more aggressive due to lower global volumes for most peer companies having international presence. Volatility of exchange rates continues to be a concern due to large exposure to foreign currencies that the Company has on account of imports as well as exports.

Your Company has initiated aggressive cost and productivity actions while remaining optimistic that the recessionary trends will subside in the near future and we would emerge a stronger company in the future.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

- **Management Audit**

Your Company has a strong management audit framework. The Audit Committee consists of Promoter Directors & Independent Directors. The Audit Committee meets every quarter to review compliance with internal controls, accounting standards, policies, quarterly accounts etc. The Audit framework includes internal audit, process audits and periodic Honeywell audits for various aspects. Findings of all such audits are presented to the Audit Committee.

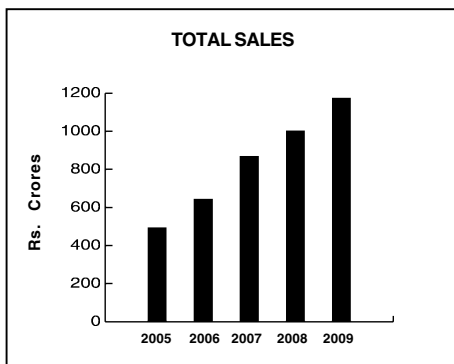
- **Budget Control**

At the beginning of the financial year, the Annual Operations plans are developed by the Business Units / Departments which get approved by the Board and are rolled out in the Organization. The weekly and monthly MIS report provides Actual performance versus budgets. The Company has a strong Operations review mechanism in place. The Management Committee, the Business Unit / Department Head review the performance of the business and the expenses on a monthly basis and corrective actions are discussed and implemented. The Board of Directors review the business performance and also the corrective actions every Quarter to ensure that performance is in line with the budgets. The Company has also initiated various process to ensure fixed cost remain fixed, enabling margin improvement on volume leverage. The Company has also taken conscious efforts to reduce the cost to serve and eliminate cost of poor quality, while addressing price and volume pressures in tough economic conditions.

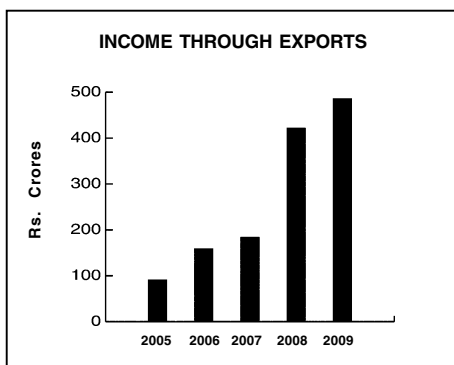
## **Summary**

Diversification and focusing on the right Vertical, Segment and Geography resulted into a strong financial performance for 2009. Concentrated efforts on operational Excellence, driving Productivity and aggressive Cost Rationalization make us a much leaner Company to address the challenging times ahead. We continue to do a great job for customers every day, which means they'll experience on-time delivery, quality and responsiveness that they expect from an Industry Leader.

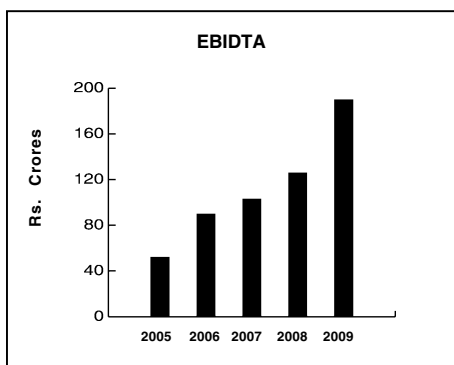
**FINANCIAL PERFORMANCE**



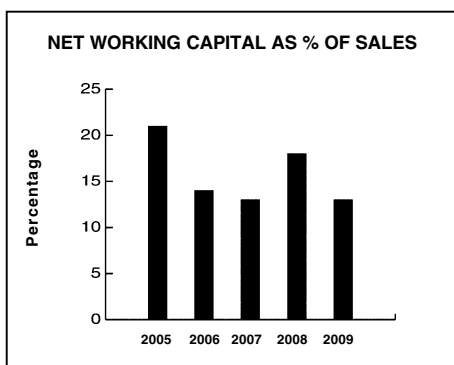
Total sales growth of 17% over the corresponding previous period. Moderate growth in domestic industry offset by growth in exports of services and stabilised Contract Manufacturing.



Total export growth of 15% over the corresponding previous period mainly driven by increased volume of contract manufacturing and increase in global engineering services due to large global projects. Rupee depreciation also had a substantial positive impact on exports volumes.



EBIDTA has grown by 52% over the corresponding previous period mainly driven by favourable revenue mix, non linear Cost incurrence and substantially favourable impact of foreign exchange variation



Impressive performance in Working Capital matrix on a linear basis reducing absolute Working Capital amount and improved Working Capital turns. End of life of some large project execution help achieving these results.

**CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include overall global economic conditions, domestic manufacturing and service sector growth, foreign exchange stability and stable credit environment.

To

The Members of Honeywell Automation India Limited

1. We have audited the attached Balance Sheet of Honeywell Automation India Limited (the "Company"), as at December 31, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on December 31, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2009;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

Place : Mumbai  
Date : February 1, 2010

**[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Honeywell Automation India Limited on the financial statements for the year ended December 31, 2009]**

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of five years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is (generally) regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as at December 31, 2009 which have not been deposited on account of a dispute, are as follows :

Name of the statute	Nature of dues	Amount* (Rs.'000)	Financial Year to which the amount relates	Forum where the dispute is pending
The Central Excise Act, 1944	Excise duty, including applicable penalty	1,899	2002-03	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Penalty	753	2006-07	Customs, Excise and Service Tax Appellate Tribunal
Maharashtra Sales Tax Act, 1960	Sales Tax / Value Added Tax, including applicable interest	20,737	1999-00 to 2001-02	Maharashtra Sales Tax Appellate Tribunal
Maharashtra Sales Tax Act, 1960	Sales Tax, including applicable interest	18,724	2002-03	Deputy Commissioner of Sales Tax (Appeals)
Maharashtra Sales Tax Act, 1960	Sales Tax / Value Added Tax, including applicable interest	25,922	2004-05	Joint Commissioner of Sales Tax (Appeals)
Maharashtra Sales Tax Act, 1960	Sales Tax	4,642	2005-06	Deputy Commissioner of Sales Tax (MVAT)
Gujarat Sales Tax Act, 1969	Sales Tax / Value Added Tax, including applicable interest	900	2000-01 and 2001-02	Assistant Commissioner of Sales Tax (Appeals)
Uttar Pradesh State Trade Tax Act, 1948 and Uttar Pradesh Value Added Tax Act, 2008	Inter-State Works Contract Tax	15,466	2004-05 to 2007-08	Joint Commissioner of Sales Tax (Appeals)
West Bengal Value Added Tax Act, 2003	Value Added Tax	1,925	2005-06 to 2006-07	Assistant Commissioner of Sales Tax (Appeals)
Kerala Value Added Tax Act, 2003	Inter-State Works Contract Tax	25,816	2009-2010	Deputy Commissioner of Sales Tax (Appeals)
Rajasthan Sales Tax Act, 1994	Entry Tax	867 4,130	2002-2003 2008-2009	High Court, Rajasthan
Income-tax Act, 1961	Penalty	53,481	1998-99, 1999-00 and 2001-02	Commissioner of Income Tax (Appeals). Stay against the outstanding demand has been granted to the Company
Income-tax Act, 1961	Income-tax including applicable interest	33,542	2004-05	Commissioner of Income Tax (Appeals)

\*Net of amounts paid under protest or otherwise

10. The Company has no accumulated losses as at December 31,2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. The Company has not obtained any term loans.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**Jeetendra Mirchandani**

Partner

Membership No. F 48125

For and on behalf of

**Price Waterhouse & Co.**

Chartered Accountants

Place : Mumbai

Date : February 1, 2010

**Balance Sheet as at  
December 31, 2009**

**Honeywell Automation India Ltd.  
Annual Report 2009**

	Schedule	As At December 31, 2009 (Rs. '000)	As At December 31, 2008 (Rs. '000)
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	88,415	88,415
b) Reserves and Surplus	2	<u>4,298,068</u>	<u>3,073,585</u>
		<b>4,386,483</b>	<b>3,162,000</b>
<b>2. Loan Funds</b>			
a) Secured Loans	3	1,248	23,659
b) Unsecured Loans	4	<u>—</u>	<u>95,999</u>
		<b>1,248</b>	<b>119,658</b>
	<b>Total</b>	<u><b>4,387,731</b></u>	<u><b>3,281,658</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	5	1,558,064	1,325,060
b) Less: Depreciation/Amortisation		<u>840,350</u>	<u>772,380</u>
c) Net Block		717,714	552,680
d) Add: Capital Work-in-progress		<u>35,212</u>	<u>149,943</u>
		<b>752,926</b>	<b>702,623</b>
<b>2. Deferred Tax Assets</b>			
[Refer Note 2 (v) of Schedule 16]			
		<b>281,854</b>	<b>197,600</b>
<b>3. Current Assets, Loans and Advances</b>			
Inventories	6	805,465	671,288
Sundry Debtors	7	2,891,700	3,548,834
Contracts in progress (Refer Note 18 of Schedule 16)		—	73,336
Cash and Bank balances	8	1,061,507	194,692
Loans and Advances	9	<u>1,621,298</u>	<u>960,880</u>
		<b>6,379,970</b>	<b>5,449,030</b>
<b>Less: Current Liabilities and Provisions</b>	10	<u>3,027,019</u>	<u>3,067,595</u>
<b>Net Current Assets</b>		<b>3,352,951</b>	<b>2,381,435</b>
	<b>Total</b>	<u><b>4,387,731</b></u>	<u><b>3,281,658</b></u>
<b>Notes to Accounts</b>	16		

Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

Place : Mumbai  
Date : February 1, 2010

For and on behalf of the Board of Directors

**M. N. Bhagwat**  
Chairman

**Vimal Kapur**  
Managing Director

**Sneha Padve**  
Company Secretary

**Atul Pai**  
Chief Financial Officer

Place : Mumbai  
Date : February 1, 2010



	Schedule	Year Ended December 31, 2009 (Rs. '000)	Year ended December 31, 2008 (Rs. '000)
<b>INCOME FROM OPERATIONS AND OTHER INCOME</b>			
1. Sales	11	11,942,341	10,281,724
Less : Excise Duty recovered		<u>196,671</u>	<u>266,444</u>
Net Sales		11,745,670	10,015,280
2. Other Income	12	<u>68,055</u>	<u>118,243</u>
		11,813,725	10,133,523
<b>EXPENDITURE</b>			
Material and Manufacturing Expenses	13	6,217,129	5,457,691
Employees' Remuneration and Benefits	14	1,957,355	1,683,944
Selling, Administration and Other Expenses	15	1,694,612	1,722,817
Interest (Refer Note 6 of Schedule 16)		6,136	7,237
Depreciation		<u>118,627</u>	<u>85,177</u>
		9,993,859	8,956,866
<b>Profit Before Taxation</b>		1,819,866	1,176,657
<b>Provision for Taxation</b>			
- Current Tax		527,986	309,759
- Deferred Tax		(84,254)	(40,425)
- Fringe Benefit Tax		7,710	43,818
- Relating to earlier years		<u>40,500</u>	<u>45,000</u>
<b>Profit After Taxation</b>		1,327,924	818,505
Balance of Profit and Loss Account brought forward		<u>1,999,119</u>	<u>1,180,614</u>
<b>Profit available for Appropriation</b>		3,327,043	1,999,119
<b>APPROPRIATIONS</b>			
Proposed Dividend		88,415	-
Dividend Distribution Tax		15,026	-
Transfer to General Reserve		132,792	-
Balance carried to Balance Sheet		<u>3,090,810</u>	<u>1,999,119</u>
		3,327,043	1,999,119
<b>Basic/ Diluted Earnings per Share (Face Value Rs. 10 per share)</b>		150.19	92.58
[Refer Note 2 (iv) of Schedule 16]			
<b>Notes to Accounts</b>	16		

Schedules referred to above form an integral part of the Profit and Loss Account.

This is the Profit and Loss A/c referred to in our report of even date.

For and on behalf of the Board of Directors

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

**M. N. Bhagwat**  
Chairman  
  
**Sneha Padve**  
Company Secretary

**Vimal Kapur**  
Managing Director  
  
**Atul Pai**  
Chief Financial Officer

Place : Mumbai  
Date : February 1, 2010

Place : Mumbai  
Date : February 1, 2010

Schedules forming part of the Balance Sheet  
as at December 31, 2009

	As At December 31, 2009 Rupees ('000)	As at December 31, 2008 Rupees ('000)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
<b>Authorised :</b>		
10,000,000 Equity Shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
<b>Issued :</b>		
8,841,697 Equity Shares of Rs. 10 each	<u>88,417</u>	<u>88,417</u>
<b>Subscribed and Paid-up :</b>		
8,841,523 Equity Shares of Rs. 10 each, fully paid up	<u>88,415</u>	<u>88,415</u>
	<b>TOTAL</b>	<b>88,415</b>
	<u><u>88,415</u></u>	<u><u>88,415</u></u>
Note: 7,182,475 Equity Shares constituting 81.24% of the paid-up capital of the Company are held by Honeywell International Inc., the ultimate holding company, through its 100% subsidiary, Honeywell Asia Pacific Inc.		

	As At December 31, 2009 Rupees ('000)	As at December 31, 2008 Rupees ('000)
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
Securities Premium Account	157,708	157,708
General Reserve As per last Balance Sheet	916,758	916,758
Add : Transferred from Profit and Loss Account	<u>132,792</u>	<u>—</u>
	<u>1,049,550</u>	<u>916,758</u>
Balance in Profit and Loss Account	<u>3,090,810</u>	<u>1,999,119</u>
	<b>TOTAL</b>	<b>3,073,585</b>
	<u><u>4,298,068</u></u>	<u><u>3,073,585</u></u>

Schedules forming part of the Balance Sheet  
as at December 31, 2009

	As at December 31, 2009 Rupees ('000)	As at December 31, 2008 Rupees ('000)
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Loan from Banks [Repayable within one year Rs. 273 ('000); Previous Year Rs. 7,311 ('000)] [Refer Note 4 (a) of Schedule 16]	1,248	22,888
Finance Lease [Refer Note 2 (iii) of Schedule 16]	–	771
<b>TOTAL</b>	<b>1,248</b>	<b>23,659</b>

**SCHEDULE - 4 : UNSECURED LOANS**

Deferred Sales Tax Liability		
(a) Under the 1987 Package Scheme of Incentives, Govt. of Maharashtra [Due within one year - Rs. Nil ; Previous Year - Rs. 11,580 ('000)] [Refer Note 4 (b) of Schedule 16]	–	35,031
(b) Under the 1993 Package Scheme of Incentives, Govt. of Maharashtra (Due within one year - Rs. Nil; Previous Year - Rs. Nil) [Refer Note 4 (b) of Schedule 16]	–	60,968
<b>TOTAL</b>	<b>–</b>	<b>95,999</b>

**SCHEDULE - 5 : FIXED ASSETS**

[Refer Notes 1(e), (f) and (g) of Schedule 16]

(Rs. '000)

Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	Cost as on December 31, 2008	Additions during the year	Deletions/ Adjustments during the year	Cost as on December 31, 2009	Accumulated Depreciation/ Amortisation as on December 31, 2008	Depreciation/ Amortisation for the year	Depreciation/ Amortisation written back on deletions during the year	Accumulated Depreciation/ Amortisation as on December 31, 2009	As on December 31, 2009	As on December 31, 2008
<b>Tangible Assets</b>										
Land	3,024	–	–	3,024	–	–	–	–	3,024	3,024
Buildings	265,016	85,668	515	350,169	32,242	13,323	171	45,394	304,775	232,774
Plant and Machinery	406,176	123,210	15,119	514,267	240,515	39,765	7,815	272,465	241,802	165,661
Computers	273,789	54,088	20,257	307,620	239,310	32,507	20,257	251,560	56,060	34,479
Furniture and Fixtures	153,903	22,917	27,652	149,168	73,408	15,844	15,894	73,358	75,810	80,495
Office Equipment	34,500	5,161	5,621	34,040	24,355	5,177	2,901	26,631	7,409	10,145
Vehicles (Refer Note below)	43,666	15,513	5,300	53,879	18,917	11,102	3,619	26,400	27,479	24,749
<b>Intangible Assets</b>										
Product Distribution Rights HSPL	105,962	–	–	105,962	105,962	–	–	105,962	–	–
Oracle License	11,646	–	–	11,646	11,646	–	–	11,646	–	–
Software	27,378	911	–	28,289	26,025	909	–	26,934	1,355	1,353
<b>Total</b>	<b>1,325,060</b>	<b>307,468</b>	<b>74,464</b>	<b>1,558,064</b>	<b>772,380</b>	<b>118,627</b>	<b>50,657</b>	<b>840,350</b>	<b>717,714</b>	<b>552,680</b>
Previous Year	1,036,728	298,302	9,970	1,325,060	695,169	85,177	7,966	772,380		
<b>Capital Work in Progress (Including advances on Capital Account)</b>									<b>35,212</b>	149,943
									<b>752,926</b>	702,623

**NOTE:**

Vehicles include assets acquired on finance lease with a cost of Rs.Nil [Previous year Rs. 1,914 ('000)] and a written down value of Rs.Nil [Previous year Rs. 455 ('000)].

Schedules forming part of the Balance Sheet  
as at December 31, 2009

	As at December 31, 2009 Rupees ('000)	As at December 31, 2008 Rupees ('000)
<b>SCHEDULE - 6 : INVENTORIES</b>		
(As valued and certified by the Management) [Refer Note 1(c) of Schedule 16]		
Raw Material (Including trading stock of Rs. 51,010 ('000); Previous Year Rs. 82,678 ('000))	683,707	561,927
Raw Material-in-transit	55,367	54,836
Work-in-Progress	31,549	20,605
Finished Goods	34,842	33,920
<b>TOTAL</b>	<b>805,465</b>	<b>671,288</b>
<b>SCHEDULE - 7 : SUNDRY DEBTORS</b>		
Sundry Debtors (Unsecured) Outstanding for a period exceeding six months		
- Considered Good	518,584	104,885
- Considered Doubtful	340,596	256,954
	<b>859,180</b>	<b>361,839</b>
Other Debts		
- Considered Good	2,373,116	3,443,949
- Considered Doubtful	54,361	48,085
	<b>2,427,477</b>	<b>3,492,034</b>
Less: Provision for doubtful debts	394,957	305,039
[This includes Retention Money not due of Rs. 853,339 ('000) Previous Year - Rs. 1,160,464 ('000)]	<b>2,891,700</b>	<b>3,548,834</b>
<b>SCHEDULE - 8 : CASH AND BANK BALANCES</b>		
Cash	-	92
Bank Balance with Scheduled Banks		
- On Current Account	172,268	149,653
- On Fixed Deposits	850,592	-
[includes balances in Exchange Earner's Foreign Exchange Currency Accounts equivalent to an amount aggregating to Rs. 41,420 ('000) (Previous Year Rs. 50,627 ('000))]		
Bank Balance with Non-Scheduled Banks		
- ABN Amro Jebel Ali UAE	35,303	43,025
- Lasalle Bank N.A.	3,344	1,922
<b>TOTAL</b>	<b>1,061,507</b>	<b>194,692</b>
Maximum balance outstanding during the year for the above		
- ABN Amro Jebel Ali UAE	104,004	117,820
- Lasalle Bank N.A.	6,561	7,123

Schedules forming part of the Balance Sheet  
as at December 31, 2009

As at December 31, 2009 Rupees ('000)	As at December 31, 2008 Rupees ('000)
------------------------------------------------	------------------------------------------------

**SCHEDULE - 9 : LOANS AND ADVANCES**  
(Unsecured, Considered Good)

Advances recoverable in cash or in kind or for value to be received	507,057	361,323
Inter-corporate Deposits	803,986	344,336
Balance with Central Excise, Custom Authorities, etc.	26,623	39,688
Advance Income Tax, including tax deducted at source (net of provisions)	283,632	215,533
<b>TOTAL</b>	<b>1,621,298</b>	<b>960,880</b>

**SCHEDULE - 10 : CURRENT LIABILITIES AND PROVISIONS****Current Liabilities**

Acceptances	221,909	81,203
Sundry Creditors		
- Dues to Micro and Small Enterprises [Refer note 3(b) of Schedule 16]	32,395	3,549
- Dues to creditors other than Micro and Small Enterprises	2,018,658	2,322,129
Advance from Customers	143,967	271,984
Unearned Revenue for Contracts (Refer Note 18 of Schedule 16)	116,453	-
Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956, not due		
- Unclaimed Dividend	1,534	1,699
Other Liabilities	15,964	43,668
	<b>2,550,880</b>	<b>2,724,232</b>

**Provisions**

Proposed Dividend	88,415	-
Dividend Distribution Tax	15,026	-
Warranty (Refer Note 19 of Schedule 16)	132,440	160,086
Disputed Statutory Matters (Refer Note 19 of Schedule 16)	118,038	62,752
Gratuity (Refer Note 1(i)(i) and 20 of Schedule 16)	39,383	31,781
Compensated Absences	57,685	62,131
Provision for Future Losses on Contracts	25,152	26,613
	<b>476,139</b>	<b>343,363</b>
<b>TOTAL</b>	<b>3,027,019</b>	<b>3,067,595</b>

Schedules forming part of the Profit & Loss Account  
for the year ended December 31, 2009

Year ended December 31, 2009 Rupees ('000)	Year ended December 31, 2008 Rupees ('000)
-----------------------------------------------------	-----------------------------------------------------

**SCHEDULE - 11 : SALES**

[Refer Note 1(b), 2(i) and 21 of Schedule 16]

Products and Jobs	<b>7,347,798</b>	7,128,483
Services rendered	<b>4,594,543</b>	3,153,241
<b>TOTAL</b>	<b>11,942,341</b>	10,281,724

**SCHEDULE - 12 : OTHER INCOME**

Interest On :

- Fixed Deposit with bank [Gross TDS Rs.2,632 ('000), Previous Year Rs.549 ('000)]	<b>11,615</b>	2,421
- Inter-corporate Deposit [Gross TDS Rs.5,626 ('000), Previous Year Rs.1,980 ('000)]	<b>29,978</b>	10,887
Liabilities no longer required written back	<b>3,919</b>	30,000
Sundry Credit balances written back	-	25,364
Refund of Taxes and Duties	-	46
Foreign Exchange Gain (Net)	-	46,249
Profit on assets sold/ discarded (Net)	-	1,006
Gain on premature repayment of Sales Tax Deferral Loan	<b>19,008</b>	-
Miscellaneous income	<b>3,535</b>	2,270
<b>TOTAL</b>	<b>68,055</b>	118,243

**SCHEDULE - 13 : MATERIAL AND MANUFACTURING EXPENSES**

Raw Materials, Components and Services consumed

Opening Stock	<b>616,763</b>	307,570
Add: Purchases	<b>6,225,310</b>	5,694,845
	<b>6,842,073</b>	6,002,415
Less: Closing Stock	<b>739,074</b>	616,763
	<b>6,102,999</b>	5,385,652
(Increase)/ Decrease in Work-in-Progress		
Opening Work-in-Progress	<b>20,605</b>	29,633
Less: Closing Work-in-Progress	<b>31,549</b>	20,605
	<b>(10,944)</b>	9,028
(Increase)/Decrease in Finished Goods		
Opening Stock	<b>33,920</b>	17,546
Less: Closing Stock	<b>34,842</b>	33,920
	<b>(922)</b>	(16,374)
Excise Duty Expense	<b>15,020</b>	2,124
Power and Fuel	<b>71,186</b>	53,463
Repairs and Maintenance		
- Buildings	<b>4,232</b>	892
- Plant and Machinery	<b>30,422</b>	15,407
- Others	<b>5,136</b>	7,499
	<b>39,790</b>	23,798
<b>TOTAL</b>	<b>6,217,129</b>	5,457,691

Schedules forming part of the Profit & Loss Account  
for the year ended December 31, 2009

Year ended December 31, 2009 Rupees ('000)	Year ended December 31, 2008 Rupees ('000)
-----------------------------------------------------	-----------------------------------------------------

**SCHEDULE - 14 : EMPLOYEES' REMUNERATION AND BENEFITS**

Salaries, Wages, Bonus and Allowances	1,805,847	1,538,486
Company's Contribution to Provident Fund and Other Funds	76,450	83,954
Welfare Expenses	75,058	61,504
<b>TOTAL</b>	<b>1,957,355</b>	<b>1,683,944</b>

**SCHEDULE 15 : SELLING, ADMINISTRATION AND OTHER EXPENSES**

Rent	130,759	173,972
Rates and Taxes	10,065	8,211
Travelling	768,435	751,288
Remuneration to Auditors :		
As Auditors	2,700	2,700
Others (Including Tax Audit)	1,250	1,300
Out of pocket expenses	80	60
	<b>4,030</b>	<b>4,060</b>
Insurance	7,675	11,449
Communication Expenses	62,031	64,208
Liquidated Damages written off	28,275	10,085
Bad Debts written off	68,393	83,832
Foreign Exchange Loss (Net)	42,786	-
Provision for doubtful debts	90,372	15,541
Loss on assets sold/ discarded	20,636	-
Sales Commission	5,478	4,560
Corporate Overhead Allocations (Refer Note 22 of Schedule 16)	226,064	371,338
Directors Fees	370	370
Miscellaneous Expenses	229,243	223,903
<b>TOTAL</b>	<b>1,694,612</b>	<b>1,722,817</b>

## SCHEDULE - 16

Annexed to and forming part of the Balance Sheet as at December 31, 2009 and the Profit and Loss Account for the year ended December 31, 2009.

## NOTES TO THE ACCOUNTS

## 1. Significant Accounting Policies

## a) Basis of Accounting :

The financial statements are prepared under historical cost convention as a going concern on accrual basis and to comply in all material aspects with all the applicable Accounting principles in India, the applicable Accounting Standards notified under Section 211 (3C) and other relevant provisions of the Companies Act, 1956.

## b) Revenue Recognition :

- i) Revenue in respect of projects for construction of plants and systems, execution of which is spread over different accounting periods, is recognized on the basis of percentage of completion method in accordance with Accounting Standard 7 – Accounting for Construction Contracts.
- ii) Percentage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract costs.
- iii) Difference between costs incurred plus recognized profits / less recognized losses and the amount of invoiced sale is disclosed as contracts in progress.
- iv) Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning where relevant, the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.
- v) Contractual claims are recognized on raising of the claim. However, consequential liability to excise duty, if any, is provided for and corresponding revenue is accounted for only on settlement of the claim. Income from non-contractual claims is recognized only on acceptance of the claim by the customer.
- vi) Revenue from sales of products and services are recognized when significant risks and rewards of ownership of products are passed on to the customer or when the service is provided.
- vii) Revenue from short term engineering services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed. With reference to fixed price contracts revenue is recognized in accordance with the proportionate completion method.

## c) Inventory Valuation :

Raw material spares and components are valued at standard cost, adjusted for price variances and after providing for cost of obsolescence and other anticipated losses, wherever considered necessary.

Work in Progress and finished goods are valued at lower of standard cost and net realisable value, and include material cost and cost of conversion.

## d) Foreign Currency Transactions :

- i) Realised gains and losses on foreign currency transactions are recognized in the Profit and Loss Account.
- ii) Monetary current assets and monetary liabilities denominated in foreign currency at the year-end are translated at the year-end exchange rates, and the resulting exchange difference is recognized in the Profit and Loss Account.
- iii) Forward contracts in foreign currencies:-

The Company uses foreign exchange forward contracts and options to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company does not use the foreign exchange forward contracts or options for trading or speculation purposes.

Premium or discount arising at the inception of a forward exchange contract assigned to foreign currency assets / liabilities is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense for the period. In the case of other forward contracts, only net loss, if any, arising on the mark-to-market valuation of the contracts at the year-end is recognized in the Profit and Loss account.



## Schedule 16 to the Financial Statements – continued

e) **Fixed Assets :**

Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost of fixed assets comprises purchase price, duties, levies and any directly attributable costs of bringing the assets to their working conditions for the intended use, less Cenvat / VAT credit. Advances paid towards acquisition of fixed assets outstanding at the Balance Sheet date and the cost of fixed assets not ready for their intended use are disclosed under Capital Work in Progress.

f) **Depreciation :**

Depreciation on fixed assets is computed on straight-line method over their useful lives at rates which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. The estimated useful lives for various fixed assets are as follows.

Class of Asset	Useful Life
Buildings	30 years
Plant & Machinery	10 years
Demo Equipment	4 years
Computers	3 years
Office Equipment	5-6 years
Furniture and Fixtures	5-10 years
Vehicles	5 years
Intangible Assets (Software)	3 years

The following assets are depreciated / amortised on a straight line method over the period of their estimated useful lives:

- Total Asset Management (TAM) assets are depreciated over the life of respective contracts, or 7 years, whichever is earlier.
- Software purchased for facilitating order execution is depreciated over a period of 3 years.

Assets installed in leased premises are depreciated over 4 years representing average life of the lease for such premises.

Assets costing Rs. 5 thousand or less are depreciated fully in the year of purchase.

Where the useful life of an asset is ascertained to be lower than was previously determined, the carrying value of the asset is depreciated over the revised residual life of the asset.

g) **Impairment of Assets :**

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognizes an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

h) **Provisions and Contingent Liabilities:**

Provisions are recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. A disclosure for a contingent liability is made where there is a possible obligation that may, but probably will not, require an outflow of resources.

i) **Employee Retirement Benefits :**i) **Post-Employment Employee Benefits**a) **Defined Contribution Plans:**

The Company has Defined Contribution Plans for Post employment benefits in the form of Superannuation Fund and Provident Fund for all employees which are administered by Life Insurance Corporation (LIC) of India and Regional Provident Fund Commissioner respectively. Superannuation Fund and Provident Fund are classified as a defined contribution plans as the Company has no further obligation beyond making the contributions. The Company's contributions to Defined Contribution plans are charged to the Profit and Loss Account as and when incurred.

## Schedule 16 to the Financial Statements – continued

## b) Defined Benefit Plans:

Funded Plan: The Company has defined benefit plan for Post-employment benefit in the form of Gratuity for Management employees which are administered through Life Insurance Corporation (LIC) of India.

Liability for the above defined benefit plan is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

## ii) Other Long-term Employee Benefit

Liability for compensated absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary.

iii) Termination benefits are recognized as an expense as and when incurred.

iv) The Actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year without resorting to any amortisation.

## j) Lease Accounting :

i) Assets acquired under financial lease agreements are capitalised at the inception of lease, at lower of the fair value and present value of minimum lease payments, and a liability is created for an equivalent amount. Lease rentals are allocated between the liability and the interest cost, so as to obtain a periodic rate of interest on the outstanding liability for each period.

ii) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments in respect of assets acquired on operating lease are recognized as an expense in the Profit and Loss Account.

## k) Taxation :

**Current Tax**

Provision for the current income tax is made in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961.

**Deferred Tax**

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 2. Disclosures under Accounting Standards

## i) Segment Reporting :

The business segment has been considered as the primary segment and the geographical segment has been considered as the secondary segment. Automation & Control being the only business segment, necessary information has already been given in the Balance Sheet and Profit and Loss Account.

The Company has two geographical segments, viz. Domestic and Exports. Revenue from geographical segments based on location of customers is given below:

(Rs. '000)

	For the year ended December 31, 2009	For the year ended December 31, 2008
Domestic	7,080,445	6,064,795
Exports	4,861,896	4,216,929
<b>Total</b>	<b>11,942,341</b>	<b>10,281,724</b>

Fixed assets used in the Company's business or liabilities contracted have not been identified to any segment as the fixed assets and services are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities is made.

## Schedule 16 to the Financial Statements – continued

## ii) Related Party Disclosures :

List of related parties (as identified and certified by the Management)

(i)	<b>Parties where control exists :</b>	
	Honeywell Asia-Pacific Inc., Holding Company Honeywell International Inc., Ultimate Holding Company	
	<b>Other related parties with whom transactions have taken place during the year :</b>	
(ii)	<b>Fellow subsidiaries</b>	
	Callidus Technologies India P. Ltd. Honeywell & Co Oman LLC Honeywell A/S (Denmark) Honeywell Ab (Sweden) Honeywell Acs Sensing & Control Honeywell Acs South Africa Honeywell Ag Honeywell Airport Systems Gmbh Honeywell Analytics Asia Pacific Co. Honeywell Analytics Inc. Honeywell A/S (Norway) Honeywell ASCA Inc. Honeywell Austria Gmbh Honeywell Automation & Control Honeywell B V Honeywell Building Solutions Gmbh Honeywell C.A. Honeywell China Honeywell Co. Ltd. (Korea) Honeywell Control Systems Limited Honeywell Controls & Automation (India) Honeywell Ecc (Tianjin) Co. Ltd. Honeywell Egypt Ltd. Honeywell Electrical Honeywell Engineering Sdn Bhd Honeywell Engines & Systems Honeywell Enraf Americas, Inc. Honeywell Enraf Marine Systems Sas Honeywell Enraf Bv Honeywell Environmental & Combustion Honeywell Europe Nv Honeywell Gmbh Honeywell International (India) Pvt. Honeywell International Me Ltd. Honeywell Japan Inc. Honeywell Kuwait Ksc Honeywell Measurex Ireland Pvt. Ltd.	Honeywell Limited Honeywell Ltd. (Australia) Honeywell Ltd. (Corp-Hong Kong) Honeywell Ltd. Singapore Gbs Honeywell Middle East Ltd. Honeywell N V Honeywell New Zealand Honeywell Otomasyon Ve Honeywell OY Honeywell Portugal Lda Honeywell Process Solutions Canada Honeywell Process Solutions Us Honeywell Pte Ltd. Honeywell S.R.L. Honeywell Sa Honeywell Safety Management Honeywell Scanning & Mobility Honeywell Security Honeywell Sensing & Control Honeywell SI Honeywell Sp. Zo.O. Honeywell Systems (Thailand) Ltd. Honeywell Taiwan Ltd. Honeywell Technology Solution Lab. Honeywell Tianjin Ltd. Honeywell Turbo Technologies India Honeywell Turkey Arabia Ltd. Honeywell Xinyao Auto. Sensor (Shan Maxon Corporation Novar Gmbh Novar Projects Limited Novar Systems Ltd. Pittway Sys Tech Grp Eur. Pt.Honeywell Indonesia Trend Control Systems Ltd. Uop Llc Xian System Sensor Electronics Zao Honeywell
(iii)	<b>Key Management Personnel</b>	
	Mr. Vimal Kapur, Managing Director	
	Mr. Harshavardhan Chitale, Executive Director upto October 14, 2008	

## Schedule 16 to the Financial Statements – continued

Transactions with Related parties (Rs.'000)						
Description of the nature of transactions	Volume of transactions during		Amount outstanding as on December 31,			
	2009	2008	2009		2008	
			Receivable	Payable	Receivable	Payable
<b>Sales of Goods, Services and Reimbursement of Expenses</b>						
<u>Holding Company</u>						
Honeywell International Inc.	1,643,958	991,063	243,068	–	282,677	–
<b>Total</b>	<b>1,643,958</b>	<b>991,063</b>	<b>243,068</b>	<b>–</b>	<b>282,677</b>	<b>–</b>
<u>Fellow Subsidiaries</u>						
Honeywell N V	315,575	319,479	29,202	–	143,509	–
Honeywell Middle East Ltd.	372,987	207,255	52,861	–	4,239	–
Honeywell Control Systems Limited	474,483	297,267	57,713	–	88,859	–
Other Fellow Subsidiaries	1,594,426	891,579	231,359	–	421,442	–
<b>Total</b>	<b>2,757,471</b>	<b>1,715,580</b>	<b>371,135</b>	<b>–</b>	<b>658,049</b>	<b>–</b>
<b>Purchase of goods, services and fixed assets</b>						
<u>Holding Company</u>						
Honeywell International Inc.	1,096,183	825,768	–	206,701	–	215,084
<b>Total</b>	<b>1,096,183</b>	<b>825,768</b>	<b>–</b>	<b>206,701</b>	<b>–</b>	<b>215,084</b>
<u>Fellow Subsidiaries</u>						
Honeywell International India Pvt. Ltd.	147,716	225,786	–	–	–	12,569
Honeywell Measurex Ireland	256,422	192,953	–	35,682	–	60,848
Other Fellow Subsidiaries	1,065,816	921,917	–	187,159	–	217,275
<b>Total</b>	<b>1,469,954</b>	<b>1,340,656</b>	<b>–</b>	<b>222,841</b>	<b>–</b>	<b>290,692</b>
<b>Dividend Paid</b>						
<u>Holding Company</u>						
Honeywell Asia Pacific Inc.	–	71,825	–	–	–	–
<b>Total</b>	<b>–</b>	<b>71,825</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Inter corporate Deposits given / (taken) – Net</b>						
<u>Fellow subsidiaries</u>						
Honeywell Turbo Technologies (India) Pvt. Ltd.	459,650	5,050,174	803,986	–	344,336	–
Callidus Technologies India Pvt. Ltd.	95,073	40,000	–	–	–	–
<b>Total</b>	<b>554,723</b>	<b>5,090,174</b>	<b>803,986</b>	<b>–</b>	<b>344,336</b>	<b>–</b>
<b>Interest on Inter corporate Deposit</b>						
<u>Fellow subsidiaries</u>						
Honeywell Turbo Technologies (India) Pvt. Ltd.	29,183	9,569	–	–	–	–
Honeywell Turbo (India) Pvt. Ltd.	–	1,318	–	–	–	–
Callidus Technologies India Pvt. Ltd.	788	–	–	–	–	–
<b>Total</b>	<b>29,971</b>	<b>10,887</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## Schedule 16 to the Financial Statements – continued

## Related Party Disclosures (continued)

Transactions with Related parties (continued)							(Rs.'000)
Description of the nature of transactions	Volume of transactions during		Amount outstanding as on December 31,				
	2009	2008	2009		2008		
			Receivable	Payable	Receivable	Payable	
<b>Interest on Inter corporate Loans</b>							
<u>Fellow subsidiaries</u>							
Honeywell Turbo Technologies (India) Pvt. Ltd	653	253	–	–	–	–	
Honeywell International India Pvt. Ltd.	–	–	–	–	–	–	
<b>Total</b>	<b>653</b>	<b>253</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Managerial Remuneration</b>							
<u>Key management personnel</u>							
Harshavardhan Chitale (upto 14 <sup>th</sup> October,2008)	–	8,355	–	–	–	–	
Vimal Kapur	5,450	5,002	–	–	–	–	
<b>Total</b>	<b>5,450</b>	<b>13,357</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>Commission</b>							
<u>Key management personnel</u>							
Vimal Kapur	2,000	3,483	–	2,000	–	3,483	
<b>Total</b>	<b>2,000</b>	<b>3,483</b>	<b>–</b>	<b>2,000</b>	<b>–</b>	<b>3,483</b>	

## iii) Lease Transactions :

## As a Lessee in a Finance Lease:

The Company has taken vehicles under finance lease arrangements of three-five years. The future minimum lease payments under these leases as of December 31, 2009 are as follows:

(Rs.'000)

	Due within 12 months		Due between 12-60 months		Total amount due	
	Dec. 09	Dec. 08	Dec. 09	Dec. 08	Dec. 09	Dec. 08
Minimum lease rental payable as on Balance Sheet date	–	591	–	243	–	834
Finance charges payable	–	55	–	8	–	63
Present value of Minimum lease rental payable	–	536	–	235	–	771

## As a Lessee in an Operating Lease:

The Company has hired assets under non-cancelable operating lease arrangements at stipulated rentals. The future minimum lease payments under these leases as of December 31, 2009 are as follows:

(Rs'000)

	Due within 12 months	Due between 12-60 months	Due beyond 60 months	Total amount due
Minimum Lease Payments	20,498 (30,739)	4,760 (21,239)	– (–)	25,258 (51,978)

Rentals paid for equipments under operating leases of Rs. 14,353 ('000) [Previous year Rs. 20,231 ('000)] have been included under 'Manufacturing Expenses'.

Rentals paid for computers under operating leases of Rs. 17,479 ('000) [Previous year Rs. 14,896 ('000)] have been included under 'Rent'.

Previous year figures are indicated in brackets.

## Schedule 16 to the Financial Statements – continued

## iv) Earnings per Share (EPS) :

EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of shares outstanding during the year. The basic and diluted earnings per share has been calculated as under:

	For the year ended December 31, 2009	For the year ended December 31, 2008
Profit after Tax (Rs. '000)	1,327,924	818,505
Weighted Average number of Equity Shares	8,841,523	8,841,523
Earning Per Share (Rs.)	150.19	92.58
Face value per share (Rs.)	10.00	10.00

## v) Deferred Tax Assets (Net) :

(Rs. '000)

Composition	As at December 31, 2009	As at December 31, 2008
<b>a) Deferred Tax Assets</b>		
Depreciation and Amortisation	5,077	5,837
Provision for Doubtful Debts	141,160	108,006
Cost to Complete	8,549	7,786
Provision for Compensated Absences	19,607	15,567
Bonus	45,700	49,885
Others	61,761	10,519
<b>Deferred Tax Asset</b>	<b>281,854</b>	<b>197,600</b>
Deferred tax charge/credit for the year is as follows :		
Opening Deferred Tax Asset	197,600	157,175
Less : Closing Deferred Tax Asset	281,854	197,600
<b>Deferred Tax Charge</b>	<b>(84,254)</b>	<b>(40,425)</b>

3. a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for - Rs. 48,599 ('000) [Previous Year Rs. 67,954 ('000)].

b) Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006.

(Rs. '000)

Sr.	Particulars	December 31, 2009	December 31, 2008
(a)	Principal amount remaining unpaid and	32,395	3,549
	Interest due thereon	358	93
(b)	Interest paid in terms of section 16	–	–
	Delayed principal payments	181,516	11,629
(c)	Interest due and payable for the period of delay in payment	–	–
(d)	Interest accrued during the year	2,558	501
	Interest remaining unpaid	2,558	501
(e)	Interest due and payable even in succeeding years	912	173

The Company has compiled this information based on intimations received from the suppliers of their status as Micro or Small enterprises and / or its registration with the appropriate authority under Micro, Small and Medium Enterprises Development Act, 2006.

4. a) Vehicle loans are secured by hypothecation of vehicles.

b) The Company has availed the scheme for Premature repayment of Sales Tax Deferral Loan framed by the Government of Maharashtra. The Company has prepaid the entire deferral loan at the prescribed net present value. This has resulted in a gain of Rs. 19,008 ('000) (Previous Year Nil).

5. Provision for taxation has been made after considering the various allowances/deductions available and after excluding profits derived from an undertaking registered with Software Technology Parks of India under section 10A and unit registered under Special Economic Zone under Section 10AA of the Income Tax Act, 1961.

## Schedule 16 to the Financial Statements – continued

6. Interest includes interest on fixed loans 2,853 ('000) [Previous Year Rs.2,598 ('000)] and others Rs. 3,283 ('000) [Previous Year Rs.4,639 ('000)].

7. Foreign currency exposures that are not hedged by a forward contract: (Rs.'000)

Particulars	As on December 31, 2009	As on December 31, 2008
<b>Liability</b>		
In USD (Equivalent approximate in Rs.)	9,877 461,433	15,243 730,002
In GBP (Equivalent approximate in Rs.)	68 5,155	272 19,854
In EURO (Equivalent approximate in Rs.)	908 60,840	1,655 107,797
In CAD (Equivalent approximate in Rs.)	35 1,553	53 2,102
In AUD (Equivalent approximate in Rs.)	32 1,322	482 15,776
In JPY (Equivalent approximate in Rs.)	– –	1,811 952
In CHF (Equivalent approximate in Rs.)	52 2,308	– –
In ZAR (Equivalent approximate in Rs.)	93 577	275 1,310
In SEK (Equivalent approximate in Rs.)	53 341	244 1,481
In AED (Equivalent approximate in Rs.)	27 354	5 68
In NOK (Equivalent approximate in Rs.)	69 556	6 42
In HKD (Equivalent approximate in Rs.)	3 17	15 96
In SGD (Equivalent approximate in Rs.)	45 1,504	– –
In IDR (Equivalent approximate in Rs.)	1,961 10	– –
<b>Assets</b>		
In USD (Equivalent approximate in Rs.)	15,189 709,629	23,301 1,107,978
In GBP (Equivalent approximate in Rs.)	178 13,454	244 17,879
In EURO (Equivalent approximate in Rs.)	3,043 203,853	676 45,170
In SGD (Equivalent approximate in Rs.)	– –	1 31
In CHF (Equivalent approximate in Rs.)	– –	1 9
In SEK (Equivalent approximate in Rs.)	– –	27 162
In AUD (Equivalent approximate in Rs.)	6 262	93 3,051
In JPY (Equivalent approximate in Rs.)	– –	– –

## Schedule 16 to the Financial Statements – continued

## 8. Employee Stock Option Schemes

Currently there are two Employees Stock Option Plans (Stock Options “SO” and Restricted Units “RU”) in operation – both run by Honeywell Inc. the ultimate holding company as per its global policy.

Brief details of the plans are:

Particulars	SO	RU
Vesting Period	2 years	3 years
Maximum Term of Options granted	10 years	7 years

No amount is paid by the company to the employees and the payment is made directly by the ultimate parent company to the employees. No liability for unexercised options/ RU is recognised in the books.

Generally, SOs are settled in cash and restricted units are settled in shares. SOs are granted at predetermined prices, whereas for RUs no sum is charged from the employee.

Stock Option Activity under the schemes is as follows:

Particulars	2009				2008			
	SO		RU		SO		RU	
	Number	Weighted Average Exercise Price USD	Number	Weighted Average Exercise Price USD	Number	Weighted Average Exercise Price USD	Number	Weighted Average Exercise Price USD
(a) outstanding at the beginning of the year	32,735	47.0581	9,750	–	25,700	43.1968	9,200	–
(b) granted during the year	18,000	28.3500	17,012	–	8,000	58.4800	6,550	–
(c) forfeited during the year	–	–	–	–	–	–	–	–
(d) exercised during the year	–	–	–	–	590	36.8042	6,000	–
(e) expired during the year	1,125	61.0300	–	–	375	42.2300	–	–
(f) outstanding at the end of the year	49,610	39.9500	26,762	–	32,735	47.0581	9,750	–
(g) exercisable at the end of the year	21,610	43.1000	–	–	14,735	41.3252	–	–

During the year 2009, weighted average share price for Stock Options exercised was USD Nil [Previous Year Rate USD 59.4212].

During the year 2009, weighted average share price for Restricted Units vested was USD 32.18 [Previous Year Rate USD 54.7550].

There were 49,610 Stock Options outstanding at the end of 2009 with exercise prices in the range USD 28.35 to USD 58.48 with a weighted average remaining contractual life of 7.61 years.

There were 26,762 Restricted Units at the end of 2009 with a weighted average remaining contractual life of 5.08 years.



## Schedule 16 to the Financial Statements – continued

## 9. Contingent Liabilities

(Rs.'000)

		December 31, 2009	December 31, 2008
a)	Income tax claims against the Company	420,176	402,194
b)	Excise duty claims against the Company*	1,475	1,475
c)	Sales Tax refunds/claims against the Company*	173,992	84,675
d)	Customs Duty claims against the Company*	3,553	4,000

\* Excludes penalties, if any, relating to penalty proceedings, since the precedence indicate that the probability of levy is remote.

**Note :**

Bank Guarantees given to customers- against performance/advance.

Bank Guarantees issued Rs. 2,387,223 ('000) [Previous Year Rs. 1,966,153 ('000)] are secured by hypothecation of present and future stocks of raw materials, semi- finished goods, finished goods, stores and spares and book debts.

## 10. Directors' Remuneration

## a)

(Rs.'000)

		For the year ended December 31, 2009	For the year ended December 31, 2008
i)	Salaries & Allowances	4,574	12,126
ii)	Perquisites	554	117
iii)	Contribution to Provident and Superannuation Fund	322	1,114
iv)	Commission on Profits		
	- Executive Directors	2,000	3,483
	- Non-Executive Directors	2,700	2,000
		10,150	18,840

**Note:**

- The above information does not include gratuity contribution made under a group gratuity policy of the Company with LIC, as the amount is not available separately.
- The above information does not include Employee Stock Options, Restricted Units and Share Awards in respect of shares in Honeywell International Inc. (ultimate holding company) granted to the directors.
- The above information does not include pension aggregating Rs. 720 ('000) [Rs. 576('000)] paid to a Non- executive director, who was previously an employee of the company.

## b) Computation of net profit as per section 349 of the Companies Act, 1956

(Rs.'000)

	December 31, 2009		December 31, 2008	
Profit before taxation as per Profit and Loss Account		1,819,866		1,176,657
Add :				
Directors' Remuneration and Commission	10,150		18,840	
Provision for Doubtful Debts and Advances	90,372		15,541	
Directors' Sitting fees	370		370	
Depreciation as per books	118,626		85,177	
		219,518		119,928
Less :				
Depreciation under Section 349	118,626		85,177	
		118,626		85,177
<b>Net Profit in accordance with Section 349</b>		<b>1,920,758</b>		<b>1,211,408</b>
Maximum Commission on Profits payable to Directors (1% of Net Profit)		19,208		12,114
Restricted to		4,700		5,483

## Schedule 16 to the Financial Statements – continued

11. Additional Information pursuant to the provision of paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

## Details of Products Manufactured, Traded and Services Rendered :-

(Rs.'000)

	Licensed Capacity	Installed Capacity	Opening Stock		Production	Sales		Closing Stock	
			Qty. (Nos)	Value		Qty. (Nos)	Qty. (Nos)	Value	Qty. (Nos)
<b>(i) Manufactured Products</b>									
Systems	**	*	–	–	216	216	1,521,910	–	–
	**	*	–	–	(97)	(97)	(773,978)	–	–
Transmitters	–	–	930	18,224	8,820	9,075	230,194	675	16,247
	–	–	(308)	(5,041)	(8,689)	(8,067)	(169,712)	(930)	(18,224)
Others (including Bought Outs and Reimbursements)				15,696			4,177,994		18,595
				(12,505)			(4,916,867)		(15,696)
<b>(ii) Traded Products</b>									
Various				82,678			1,221,029		51,010
				(69,787)			(1,001,482)		(82,678)
<b>(iii) Services Rendered</b>									
							4,594,543		
							(3,153,241)		
Total				116,598			11,745,670		85,852
				(87,333)			(10,015,280)		(116,598)

\* Not quantifiable as the size/mix of the system varies according to customers' requirements.

Previous year figures are indicated in brackets.

\*\* Not Applicable

## 12. Details of Raw Materials Consumed :

(Rs.'000)

Description	Qty.	For the year ended December 31, 2009	For the year ended December 31, 2008
Components for System Integration	Lot	6,102,999	5,385,652
<b>Total</b>		<b>6,102,999</b>	<b>5,385,652</b>

## 13. Details of imported and indigenous components, stores and spare parts consumed and percentage of each, to total consumption:

(Rs.' 000)

Description	%	For the year ended December 31, 2009	%	For the year ended December 31, 2008
Imported	52	3,173,559	53	2,816,685
Indigenous	48	2,929,440	47	2,568,967
<b>Total</b>		<b>6,102,999</b>		<b>5,385,652</b>

## Schedule 16 to the Financial Statements – continued

## 14. CIF Value of Imports :

(Rs. '000)

Description		For the year ended December 31, 2009	For the year ended December 31, 2008
a)	Capital Goods	45,996	12,359
b)	Raw Materials	3,434,915	2,775,217
	<b>Total</b>	<b>3,480,911</b>	<b>2,787,576</b>

## 15. Expenditure in Foreign Currency :

(Rs. '000)

Description		For the year ended December 31, 2009	For the year ended December 31, 2008
a)	Travelling	459,594	275,791
b)	Others	184,458	236,467
	<b>Total</b>	<b>644,052</b>	<b>512,258</b>

## 16. Dividend remitted during the year to non-resident Shareholders :

(Rs. '000)

Description		For the year ended December 31, 2009	For the year ended December 31, 2008
Amount of Dividend		–	72,371
Pertaining to Financial Year		–	2007
Number of non-resident shareholders		220	127
Number of shares held		7,219,890	7,237,088

## 17. Earnings in Foreign Currency :

(Rs. '000)

Description		For the year ended December 31, 2009	For the year ended December 31, 2008
FOB Value of Exports		1,551,131	1,590,272
Services		3,383,190	2,236,881
Reimbursements		432,032	395,963
<b>Total</b>		<b>5,366,353</b>	<b>4,223,116</b>

## 18. Contracts in Progress :

(Rs. '000)

Particulars		For the year ended December 31, 2009	For the year ended December 31, 2008
A)	Aggregate amount recognized as Contract Revenue	5,715,039	5,349,304
B)	In respect of contracts in progress as on December 31		
	i) Aggregate amount of Costs incurred and recognized profits less recognized losses up to December 31	19,946,337	14,008,486
	ii) Amount of Customer Advances outstanding	53,615	84,293
	iii) Amount of retentions	770,139	1,034,576
C)	Gross amount due from customers for contract work	890,707	801,012
D)	Gross amount due to customers for contract work	1,007,160	727,676

## Schedule 16 to the Financial Statements – continued

## 19. Disclosure as required by AS 29 – Provisions:

(Rs. '000)

	Disputed Statutory Matters	Warranty	Total
Opening Balance	62,752 (81,683)	160,086 (171,147)	222,838 (252,830)
Additions	56,286 (22,000)	51,258 (56,447)	107,544 (78,447)
Utilisation	– (–)	78,904 (67,508)	78,904 (67,508)
Reversals	1,000 (40,931)	– (–)	1,000 (40,931)
Closing Balance	118,038 (62,752)	132,440 (160,085)	250,478 (222,838)

Disputed statutory matters mainly include:

- Provision for disputed statutory matters comprises matters under litigation with Sales Tax and Local authorities.
- The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.  
To the extent the Company is confident that it may have a strong case that portion is disclosed under contingent liabilities.
- The timing and the amount of cash flows that will arise from these matters will be determined by the Appellate Authorities only on settlement of these cases.
- Previous year figures are indicated in brackets.

## 20. Disclosures in accordance with Revised AS - 15 on “Employee Benefits” :

## (A) Defined Contribution Plans :

The Company has recognised the following amounts in the Profit and Loss Account for the year:

(Rs. '000)

		For the year ended December 31,	
		2009	2008
(i)	Contribution to Employees' Provident Fund	35,740	27,981
(ii)	Contribution to Employees' Family Pension Fund	17,442	15,833
(iii)	Contribution to Employees' Superannuation Fund	9,314	9,393
	<b>Total</b>	<b>62,496</b>	<b>53,207</b>

## (B) Defined Benefit Plan (Gratuity) :

## (i) Changes in the Present Value of Obligation

(Rs. '000)

		For the year ended December 31,	
		2009	2008
(a)	Present Value of Obligation as at Jan 1	90,721	70,023
(b)	Interest Cost	4,957	3,991
(c)	Past Service Cost	–	–
(d)	Current Service Cost	18,206	16,557
(e)	Curtailment Cost/(Credit)	–	–
(f)	Settlement Cost/(Credit)	–	–
(g)	Benefits Paid	(7,490)	(5,759)
(h)	Actuarial (Gain)/Loss	(3,594)	5,909
(i)	Present Value of Obligation as at Dec 31	<b>102,800</b>	<b>90,721</b>

## Schedule 16 to the Financial Statements – continued

## (ii) Changes in the Fair value of Plan Assets

(Rs. '000)

		For the Year Ended December 31,	
		2009	2008
(a)	Present Value of Plan Assets as at Jan 1	58,940	48,219
(b)	Expected Return on Plan Assets	5,440	4,762
(c)	Actuarial Gain/(Loss)	526	528
(d)	Employers' Contributions	6,001	11,190
(e)	Employees' Contributions	–	–
(f)	Benefits Paid	(7,490)	(5,759)
(g)	Fair Value of Plan Assets as at Dec 31	63,417	58,940

## (iii) Amount recognised in the Balance Sheet including a reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. '000)

		As on December 31,	
		2009	2008
(a)	Present Value of Funded Obligation	102,800	90,721
(b)	Fair Value of Plan Assets	63,417	58,940
(c)	Net Liability recognised in the Balance Sheet	39,383	31,781

## (iv) Expenses recognised in the Profit and Loss Account

(Rs. '000)

		For the Year Ended December 31,	
		2009	2008
(a)	Current Service Cost	18,206	16,557
(b)	Past Service Cost	–	–
(c)	Interest Cost	4,957	3,991
(d)	Expected Return on Plan Assets	(5,440)	(4,762)
(e)	Curtailment Cost/(Credit)	–	–
(f)	Settlement Cost/(Credit)	–	–
(g)	Net actuarial (Gain)/Loss	(4,121)	5,381
(h)	Employees' Contribution	–	–
(i)	Total Expenses recognised in the Profit and Loss Account	13,602	21,167

## (v) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at December 31, 2009

		2009	2008
(a)	Government of India Securities	0%	0%
(b)	Corporate Bonds	0%	0%
(c)	Special Deposit Scheme	0%	0%
(d)	Equity Shares of Listed Companies	0%	0%
(e)	Property	0%	0%
(f)	Insurer Managed Funds	100%	100%
(g)	Others	0%	0%

## (vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

## Schedule 16 to the Financial Statements – continued

## (vii) The Actual Return on Plan Assets is as follows :

(Rs. '000)

Sr.	Particulars	2009	2008
(a)	Actual return on plan assets	5,967	5,290

## (viii) Following are the Principal Actuarial Assumptions used as at the balance sheet date :

(Rs. '000)

		As on December 31,	
Sr.	Particulars	2009	2008
(a)	Discount Rate	7.60%	5.70%
(b)	Expected Rate of Return on Plan Assets	9.35%	9.35%
(c)	Salary Escalation Rate - Management Staff	6.00%	6.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

21. From the current year, the Company has recognised reimbursement of expenses received as a part of sales, instead of netting off against expenses. Accordingly, expenses aggregating Rs.432,031 ('000's) have been included under sales for the year 2009. Further, expenses aggregating Rs.389,776 ('000's) in respect of the year 2008 have been reclassified under sales for the year 2008.
22. With effect from previous year, the Company has accounted for corporate overhead allocation, in respect of various services rendered by Honeywell group companies. The previous year charge includes Rs. 154,862 (000's) in respect of services rendered in the year 2007.
23. Prior year comparatives have been re-grouped, re-classified to conform to the current year presentation, wherever applicable.

Signatures to Schedules 1 to 16 forming part of the Balance Sheet as at December 31, 2009 and the Profit and Loss Account for the year ended December 31, 2009.

For and on behalf of the Board of Directors

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

**M. N. Bhagwat**  
Chairman

**Vimal Kapur**  
Managing Director

**Sneha Padve**  
Company Secretary

**Atul Pai**  
Chief Financial Officer

Place : Mumbai  
Date : February 1, 2010

Place : Mumbai  
Date : February 1, 2010

Particulars	Year ended December 31, 2009 (Rs. '000)	Year ended December 31, 2008 (Rs. '000)
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax	1,819,866	1,176,657
<b>Adjusted for</b>		
Depreciation	118,627	85,177
Interest charged	6,136	7,237
Interest earned	(41,593)	(13,308)
(Profit)/Loss on sale of assets sold/discarded	20,636	(1,006)
Unrealised Exchange (Gain)/ Loss (net) on restatement of foreign currency assets and liabilities	(9,230)	19,709
Operating profit before working capital changes and other adjustments	<u>1,914,442</u>	<u>1,274,466</u>
<b>Adjustments for</b>		
Trade & other receivables	604,375	(678,267)
Inventories	(134,177)	(316,539)
Trade & other payables	(141,196)	289,150
Cash generated from operations	<u>2,243,444</u>	<u>568,810</u>
Direct taxes paid	(644,295)	(469,025)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>1,599,149</u>	<u>99,785</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets including Capital Work In Progress	(192,737)	(180,981)
Proceeds from sale of fixed assets	3,171	3,010
Inter Corporate Deposits (Net)	(459,650)	(159,336)
Interest Received	41,593	12,617
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(607,623)</u>	<u>(324,690)</u>
<b>C. Cash Flow from Financing Activities</b>		
Borrowings (net of repayments)	(118,410)	(8,295)
Interest Paid	(6,136)	(7,237)
Dividend paid	(165)	(103,376)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(124,711)</u>	<u>(118,908)</u>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<u>866,815</u>	<u>(343,813)</u>
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE</b>	194,692	538,505
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE</b>	<u>1,061,507</u>	<u>194,692</u>

**NOTES:**

- The above Cash Flow statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statements.
- Prior year comparatives have been reclassified to confirm with current year's presentation, where applicable.
- Cash and cash equivalents include cash and bank balances.
- Figures in brackets represent out flows of cash and cash equivalents.

**This is the Cash Flow referred to in  
our report of even date**

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

Place : Mumbai  
Date : February 1, 2010

**For and on behalf of the Board of Directors**

**M. N. Bhagwat**  
Chairman

**Vimal Kapur**  
Managing Director

**Sneha Padve**  
Company Secretary

**Atul Pai**  
Chief Financial Officer

Place : Mumbai  
Date : February 1, 2010





V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

**Annexure** (continued)

Item Code (ITC Code) 

9	0	3	2	8	9	.	0	4
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Product Description 

D	I	S	T	R	I	B	U	T	E	D		C	O	N	T	R	O	L			
S	Y	S	T	E	M	S															

Item Code (ITC Code) 

8	5	3	2	2	0	.	0	0
---	---	---	---	---	---	---	---	---

Product Description 

B	U	I	L	D	I	N	G		C	O	N	T	R	O	L						
S	Y	S	T	E	M	S															

Item Code (ITC Code) 

9	0	2	6	8	0	.	0	9
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Product Description 

S	M	A	R	T		T	R	A	N	S	M	I	T	T	E	R	S				
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For and on behalf of the Board of Directors

**M. N. Bhagwat**  
Chairman

**Vimal Kapur**  
Managing Director

**Sneha Padve**  
Company Secretary

**Atul Pai**  
Chief Financial Officer

Place : Mumbai  
Date : February 1, 2010

**Company's Philosophy on the Code of Governance**

The revised Corporate Governance Code incorporated in Clause 49 of the Listing Agreement of the Stock Exchanges is applicable to your Company with effect from the financial year January 1, 2006. The Company continues to have Independent Directors on the Board who are actively involved in all the important policy matters. Your Company strives to ensure that it follows the Code of Corporate Governance not only in letter but also in spirit to ensure transparency, accountability and integrity.

**Board of Directors**

**Composition:**

The Board comprises of 3 Directors nominated by the Promoters Honeywell International Inc., 2 Independent Directors and a Managing Director. The Company has an Independent Non-Executive Chairman and one-third of the total number of Directors are Independent Directors [as per Clause 49(I)(A)].

**Remuneration of Directors**

The Non-Executive Directors (NEDs) are paid remuneration by way of Commission and Sitting Fees. The Commission is paid in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

A Sitting Fee of Rs. 20,000/- per Board, Audit Committee and Remuneration Committee Meeting and Rs. 10,000/- for Investor Grievance Committee Meetings attended by the Independent Directors is paid to them [as per Clause 49(I)(B)].

**Committees of the Board:**

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees [as per Clause 49(I)(C)] across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

The Board met four times on the following dates during the year ended December 31, 2009 and the gap between two meetings did not exceed four months:

February 6, 2009                      April 16, 2009                      July 30, 2009                      October 23, 2009

As required by Annexure 1 to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions as held by them in other public limited companies as on December 31, 2009 are given below:

Name	Category	No. of Board meetings attended during 2009	Attendance at the last AGM held on April 16, 2009	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. M.N. Bhagwat (Chairman)	Independent Non-Executive	4	Yes	3	4	2
Mr. Shane Tedjarati	Promoter Not Independent Non-Executive	3	Yes	Nil	Nil	Nil
Mr. Gerard Willis	Promoter Not Independent Non-Executive	4	Yes	Nil	Nil	Nil
Mr. Vimal Kapur Managing Director	Executive Director	4	Yes	Nil	Nil	Nil

Name	Category	No. of Board meetings attended during 2009	Attendance at the last AGM held on April 16, 2009	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
					Chairman	Member
Mr. S.L. Rao	Independent Non-Executive	4	Yes	4	3	3
Mr. Jack Bolick*	Promoter Not Independent Non-Executive	1	No	Nil	Nil	Nil
Mr. Norman Gilsdorf*	Promoter Not Independent Non-Executive	3	Yes	Nil	Nil	Nil

\*Mr. Jack Bolick resigned with effect from 6/2/2009 and Mr. Norman Gilsdorf was appointed in his place.

### Audit Committee

The Committee is constituted with Mr. S.L. Rao as the Chairman of the Committee and Mr. Gerard Willis and Mr. M.N. Bhagwat as the members [as per Clause 49(II)(A)]. The members of the Committee are financially literate and have the relevant experience in the field of financial reporting and Accounting Statement. Ms. Sneha Padve, Company Secretary acts as the Secretary to the Committee. Audit Committee meetings are attended by the Chief Financial Officer and the Company Secretary. The representatives of the Internal Auditors and the Statutory Auditors are being invited to the meetings.

The terms of reference of the Audit Committee as stipulated by the Board are in accordance with all the items listed in Clause 49 (II)(D) of the Listing Agreement as follows:

1. Oversight the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment/removal of external auditors, fixing audit fees and approving payments for any other services.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the board, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on exercise of judgement by management.
  - Qualifications in draft audit report.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

8. Discussions with internal auditors of any significant findings and follow-up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussions with external auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee met on the following dates during the year ended December 31, 2009:

February 5, 2009

April 15, 2009

July 29, 2009

October 22, 2009

**Attendance at the Audit Committee Meeting:**

Name of Director	No. of Meetings held	No. of Meetings Attended
Mr. S. L. Rao	4	4
Mr. G. Willis	4	4
Mr. M. N. Bhagwat	4	4

The Audit Committee mandatorily reviews all the information required as per Clause 49 (II) (E).

**Remuneration Committee:**

The Company has constituted the Remuneration Committee in line with the requirements of Clause 49 of the Listing Agreement. The broad terms of reference are to determine and recommend to the Board, compensation payable and appraisal of the Managing Director.

The Remuneration Committee comprises of the following three Directors of the Company:

Mr. M.N. Bhagwat	Chairman-Independent, Non-Executive Director
Mr. S.L. Rao	Member-Independent, Non-Executive Director
Mr. Norman Gilsdorf	Member-Promoter, Not Independent, Non-Executive Director

The Committee met on February 1, 2010, to appraise and decide the compensation payable of the Managing Director.

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component) and commission (a variable component). Salary is paid within the range approved by the Shareholders. The Board on the recommendations of the Remuneration Committee approves the annual increments (effective 1<sup>st</sup> April each year).

The Board fixes a ceiling on perquisites and allowances as a percentage of salary. Commission is calculated based on certain performance criteria and is determined by the Board of Directors at the end of the financial period based on the recommendations of the Remuneration Committee, subject to the overall ceiling as stipulated in Sections 198 and 309 of the Companies Act, 1956.

Given below are the details of Remuneration paid to Non-Executive Directors for the year January to December 2009 for attending Board Meetings and various Board constituted Committee Meetings.

**Non-Executive Directors :**

(Rs. in '000)

Name	Sitting Fees	Commission	Shareholding
Mr. M.N. Bhagwat	190	1400	700
Mr. S.L. Rao	180	1300	Nil

The criteria for determination of Commission to Non-Executive Independent Directors as approved by the Board include roles, responsibilities and contribution to the Company as Chairman/Member of the Board and various Committees of the Board.

The Directors nominated by Honeywell do not accept any sitting fees or commission.

**Managing Director :**

(Rs. in '000)

Name	Salary & Allowances	Commission for the year 2009
Mr. Vimal Kapur	5450	2000

Period of Contract of MD : 5 years from November 1, 2006  
The Contract may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.  
Severance fees – Nil

**Shareholders'/Investors' Grievance Committee :**

The Shareholders'/Investors' Grievance Committee is constituted as follows:

Mr. M.N. Bhagwat – Chairman, Independent Non-Executive Director  
Mr. Vimal Kapur – Member, Managing Director

The Committee met on October 23, 2009 during the last financial year.

**Name, designation & address of Compliance Officer :** Mrs. Sneha Padve  
Company Secretary,  
56&57, Hadapsar Indl. Est.,  
Pune 411 013.  
Phone : 020-66008187  
Fax No. : 020-66039800

No. of queries received from the investors from 1.1.2009 to 31.12.2009 comprising of Non-receipt of Dividend Warrants, Non-receipt of securities sent for transfer, Demat etc. 40

No. not solved to the satisfaction of the investor as on 31.12.2009 0

No. of pending share transfers as on 31.12.2009 0

**Details on General Meetings :**

Location, date and time of General Meetings held during the last 3 years:

The last three AGMs were held on –13.04.2007, 09.04.2008 and 16.04.2009  
AGM held on 13.04.2007 was held at *Hotel Le Meridien, RBM Road, Pune 411 001 at 11.00 a.m.*  
AGM held on 09.04.2008 was held at *Hotel Blue Diamond, Koregaon Park, Pune 411 001 at 2.30 p.m.*  
AGM held on 16.04.2009 was held at *Hotel Le Meridien, RBM Road, Pune 411 001 at 3.00 p.m.*

Whether Special Resolutions passed in the last 3 AGMs : Yes

Year	Location	Date	Special Resolution Passed
2007	Hotel Le Meridien, RBM Road, Pune	13.04.2007	Statutory Records to be kept at new location of TSR Darashaw
2007	Hotel Le Meridien, RBM Road, Pune	13.04.2007	Payment of Commission to Non-Executive Directors

**Whether Special Resolutions :**

(a)	Were put through postal ballot last year -	No
	Details of voting pattern -	NA
	Person who conducted the postal ballot exercise -	NA
(b)	Are proposed to be conducted through postal ballot -	No
	Procedure for postal ballot -	NA

**Disclosures**

**Related Party Transactions:**

Related party transactions [as per Clause 49(IV)(A)] are defined as the transactions of the Company of a material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Among the related party transactions are contracts or arrangements, made by the Company from time to time with Companies in which the Directors are interested. All these contracts or arrangements are entered in a Register of Contracts under Section 301 of the Companies Act, 1956 and the register is placed before every Board Meeting.

All transactions covered under the related party transactions are regularly ratified and/or approved by the Board. There were no material transactions during the year 2009 that are prejudicial to the interest of the Company.

**Risk Management:**

The Company is committed to drive best practices in Risk Management and to establish an organisational culture that ensures Risk Management is embedded in business processes and led by entire Senior Management along with the Managing Director and CFO. Our Risk Management Policy ensures that the Management controls risk through means of a properly defined framework for Identification, Categorization, Mitigation and Monitoring of risks. The Board of Directors performs a detailed review of the Risk Management Policy / Procedures on an Annual basis and the Risk Register along with mitigation actions on a Semi-annual basis.

**Statutory Compliance, Penalties and Strictures:**

The Company has complied with the requirements of the Stock Exchange/SEBI/ and Statutory Authority on all matters relating to capital markets during the last three years. There are no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

**Statutory Compliance:**

The Legal Head, the Company Secretary and Chief Financial Officer of the Company act as Compliance Officers who advise the Company on compliance issues with respect to the laws of various jurisdictions in which the Company has its business activities and ensure that the Company is not in violation of laws of any jurisdiction where the Company operates. All Business Unit Heads give Compliance Certificate to the Managing Director of the Company. The Compliance Officers ensure that the business operations of the Company are not in contravention of any laws.

**Whistle Blower Policy:**

The Company has put in place a mechanism for the employees to reach out to report any non-compliance and no personnel have been denied access to the Audit Committee.

**Code of Conduct:**

The board members and senior managerial personnel have affirmed compliance with the Honeywell Code of Conduct for the current year.

**Compliance with Clause 49:**

The Company strives to be fully compliant with the non-mandatory requirements of this clause.

1. **The Board:** The Chairman of the Board is based at Mumbai.
2. **Remuneration Committee:** This committee has been constituted and is responsible for all payments to be made to the Directors.
3. **Shareholder Rights:** The Company publishes the financial results in two newspapers and also uploads them in the SEBI's (EDIFAR) website. Therefore, no individual intimations are sent to the shareholders.
4. **Audit Qualifications:** The Company does not have a history of audit qualifications.
5. **Training of Board Members:** All Board members have been made fully familiar with all Business operations of the Company.
6. **Mechanism for evaluating non-executive Board Members:** Such a mechanism already exists.
7. **Whistle Blower Policy:** This policy has been put in place.

**Means of Communication :**

Quarterly Results :

Which newspapers normally published in:	Economic Times, Maharashtra Times
Any website, where displayed:	<a href="http://www.honeywellautomationindia.com">www.honeywellautomationindia.com</a>
Whether it also displays official news Releases; and the presentations Made to institutional investors/analysts	Yes
Whether MD&A is a part of Annual Report or not :	Yes

**General Shareholder Information**

**AGM: Date, time and venue -**

April 22, 2010 at 3.00 p.m. at Honeywell Automation India Ltd.,  
56 & 57 Hadapsar Industrial Estate, Pune 411 013.

As required under clause 49 VI (A), particulars of Directors seeking reappointment are given in the Explanatory Statement to the Notice of the Annual General Meeting to be held on April 22, 2010.

**Financial Calendar -**

Year ending	December 31
AGM	April 22, 2010

**Dividend Payment Date -**

April 29, 2010

**Date of Book Closure -**

Tuesday, April 6, 2010 to Thursday, April 15, 2010  
(both days inclusive)

**Listing on Stock Exchanges -**

The Company's shares are listed on the following 2 Stock Exchanges in India:

The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited  
Bandra Kurla Complex, Mumbai 400 051.

The Company had paid annual listing fees to each of the above exchanges for the financial year 2009-10.

**Stock Code –**

**The Stock Exchange, Mumbai :**  
 Equity Shares (physical form) : 174  
 (demat form) : 517174

**Market Price Data – BSE**

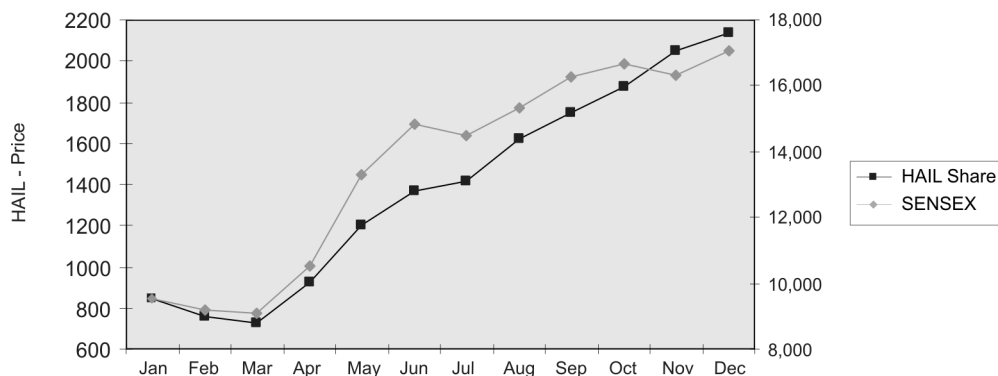
	The Stock Exchange, Mumbai (in Rs.)			
	High	Low	Avg. Volume per day (No. of shares)	Avg. No. of Trades per day
January 2009	944.00	743.05	595	30
February 2009	868.00	652.00	1679	48
March 2009	805.00	653.10	1464	71
April 2009	1097.00	755.10	1446	129
May 2009	1420.00	990.00	1282	113
June 2009	1490.00	1250.00	1174	113
July 2009	1660.00	1165.05	1059	114
August 2009	1750.00	1500.00	1317	156
September 2009	1910.00	1580.00	2373	286
October 2009	2068.00	1681.00	2511	241
November 2009	2244.00	1857.00	1846	239
December 2009	2320.00	1950.00	963	125

**NSE Stock Symbol: HONAUT**

**Market Price Data – NSE**

	National Stock Exchange of India Ltd. (in Rs.)	
	High	Low
January 2009	833.00	797.00
February 2009	798.00	762.00
March 2009	722.00	688.10
April 2009	959.00	905.10
May 2009	1224.00	1156.00
June 2009	1412.00	1323.00
July 2009	1365.00	1301.00
August 2009	1651.00	1580.00
September 2009	1739.00	1667.00
October 2009	1898.00	1823.00
November 2009	2102.00	2021.00
December 2009	2367.00	2180.00

**Comparison of Monthly Average of BSE SENSEX v/s HAIL Price**





**Registrar and Share Transfer Agents :**

TSR Darashaw Ltd.,  
 6-10, Haji Moosa Patrawala Ind. Estate,  
 20, Dr. E. Moses Road, Near Famous Studio,  
 Mahalaxmi, MUMBAI - 400 011  
**Tel.: (022) 66568484**  
**Fax: (022) 66568494**  
**E-mail: csg-unit@tsrdarashaw.com**  
**Website: http://www.tsrdarashaw.com**

**Share Transfer System :**

Share Transfers in physical form can be lodged with **TSR Darashaw Ltd.** at the above mentioned address or at their branch offices, addresses of which are available on their website.

The Transfers are normally processed within 15 days if the documents are complete in all respects. Certain Directors and the Company Secretary are severally empowered to approve transfers.

**Distribution of Shareholding :**

Number of Ordinary Shares held	Number of Shares	
	31-12-2009 (%)	31-12-2008 (%)
1 to 500	8.56	8.82
501 to 1000	1.15	1.07
1001 to 2000	0.84	0.80
2001 to 3000	0.62	0.40
3001 to 4000	0.37	0.46
4001 to 5000	0.43	0.39
5001 to 10000	1.14	1.05
Over 10000	86.89	87.01
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Categories of Shareholders :**

Category	No. of shareholders	No. of shares held
Foreign Promoters	1	7182475
Non Resident Individuals	214	14549
Foreign Institutional Investors	6	22866
Banks	1	90
Mutual Funds	8	352011
Central Government / State Governments(s)	1	285
Domestic Companies	350	170431
Resident Individuals	10117	1092535
Trust & Charitable Institutions	4	6281
	<b>10702</b>	<b>8841523</b>

**Dematerialisation of shares and liquidity :**

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services (India) Ltd. (CDSL) for demat facility. 98.05% of the Company's share capital is dematerialised as on 31.12.2009.

The Company's shares are regularly traded on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited.

**Outstanding GDRs/ADRs :  
 Warrants of any Convertible Instruments, conversion date and likely impact on equity**

Nil

**Plant locations :**

N.A.

**Address for correspondence :**

Honeywell Automation India Limited,  
56 & 57, Hadapsar Industrial Estate,  
Pune 411 013.

**Tel.: (020) 66039400**

**Fax: (020) 66039800**

**E-mail:** CorpComIndia@honeywell.com

**Website:** www.honeywellautomationindia.com

**Declaration - Code of Conduct**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management personnel have affirmed compliance with the Honeywell Code of Conduct for the financial year 2009.

For **Honeywell Automation India Limited**

Mumbai, February 1, 2010

**Vimal Kapur**  
Managing Director

**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To the Members of  
HONEYWELL AUTOMATION INDIA LIMITED

We have examined the compliance of conditions of Corporate Governance by Honeywell Automation India Limited, for the year ended December 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date : February 1, 2010

**Jeetendra Mirchandani**  
Partner  
Membership No. F 48125  
For and on behalf of  
**Price Waterhouse & Co.**  
Chartered Accountants

# HONEYWELL AUTOMATION INDIA LIMITED

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

## ATTENDANCE SLIP

I hereby record, my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company at Honeywell Automation India Ltd., 56 & 57 Hadapsar Industrial Estate, Pune 411 013 at 3.00 p.m. on Thursday, April 22, 2010.

NAME OF SHAREHOLDER/PROXY

FOLIO NO. \_\_\_\_\_

NO. OF SHARES HELD \_\_\_\_\_

SIGNATURE OF THE  
ATTENDING MEMBER/PROXY

### NOTES :

- (1) Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

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# HONEYWELL AUTOMATION INDIA LIMITED

## PROXY

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

I/We

Of \_\_\_\_\_ in the district of being

a Member/members of the above-named Company, hereby appoint

of \_\_\_\_\_ in the district of or

failing him, \_\_\_\_\_ of \_\_\_\_\_ as

my/our Proxy to attend and note for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company at Honeywell Automation India Ltd., 56 & 57 Hadapsar Industrial Estate, Pune 411 013 at 3.00 p.m. on Thursday, April 22, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Signature Shareholder

Affix  
Revenue  
Stamp

Reference Folio No.

No of shares held

This form is to be used  <sup>\* in favour of</sup>  <sup>\* against</sup> the resolution. Unless otherwise instructed the proxy will act as he thinks fit.

\* strike out whichever is not desired.

NOTE : The proxy must be returned so as to reach the Registered Office of the Company at 56 & 57, Hadapsar Industrial Estate, Pune 411 013, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

# Honeywell Automation India Ltd.

## Annual Report 2009

**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 December 31, 2010.**

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.

Particulars of Employees as per Section 217(2A) (b) (ii) of the Companies Act, 1956									
Sr. No	Name	Designation & Nature of duties	Qualifications	Age	Gross Remuneration	Net Remuneration	Total Exp.	Date of Joining	Last Employment/ Designation
1	Joshi Hemant	Head-Strategy Marketing & Business Development,HPS	BE (Elect.)	45	3673005	2760090	25	28/01/2008	GE Fanuc Systems Pvt. Ltd
2	Tumkur Savyasachi V	GES India Leader	BE (Chem),P. G. D. in Consultancy	42	2528382	1863896	20	18/11/1996	Dalal Consultants Ltd.
3	Saili Kumar	Director Sales,HPS	B.Tech, MBA	43	3575904	2765530	20	6/6/1992	Uptron India Ltd -Engineer
4	Shaha Ashish Deepak	Sr.Director-Program Management	BE (Elect.)	35	3579626	2495635	14	15/07/1996	HWL
5	Godbole Milind M	GM-India Region,HBS	BE,MMS	45	4201087	3146761	25	5/4/2000	Manager sales,M & E Div.,Bahwan Eng. Company LLC,Muscat,Oman
6	Deshpande Sadananda N	Leader-Power Business,HPS	B.Sc.,BE (Instrumentation)	56	2772744	2009136	34	13/03/1989	TATA Consulting Engineers/Engineer
7	V M Visveswaran	Head -Strategic Marketing	BE, MBA	36	2675682	2149972	15	01/05/2009	Vice President-Business Development
8	Mandi Murali Venkatesh	Business Leader,Advanced Solutions,Asia Pacific	M.Sc. USA	42	5772931	4069018	20	01/12/1991	IBM New York, Software Engineer
9	Ganguly Bhaskar	Global Director Marketing SS	BE	43	3921074	2812360	21	01/08/1991	Crompton Greaves,Marketing Engineer
10	Gaikwad Ashish Madhukar	GM-Southeast Asia Region,HPS	BE(Hons.),Electrical & Electronics Eng.	41	6175030	4037969	20	14/07/1992	CMC Ltd.Senior Engineer
11	Chitale Harshavardhan	Executive Director	BE (Electrical)	35	12257689	8411050	10	1/6/1998	HAIL
12	Kapur Vimal	Managing Director	BE (Electronics)	42	5539823	133408	21	16/02/1989	Bells Controls Ltd.
13	Pai Atul	CFO	B.Com, ACA	36	4735337	3565925	13	15/12/2001	Cruise Controls Pvt. Ltd
14	Bhargava Ajay	Head - ISCM	BE (Electronics)	49	4856126	3670258	28	15/04/1991	Uptron India Ltd. Dy.Manager Service
15	Aparanji Harshavardhan	Head - HR & Admin	BE, MBA	40	4616200	3323791	15	20/06/2005	Colgate Palmolive,Talent Strategic Manager
16	Biswas Amitava	ISC Head,ACS India	B.Tech (Electronics)	48	3705432	2419982	25	1/11/1991	BU Head Systems & MPO HPS India
17	Dhawade Sachin K	Software Manager	BE	39	2513009	1868320	25	19/03/1992	Alfa Laval India Ltd.
18	Karodi Milind Mohaniraj	Operations Manager-PTS	ME(E&TC),PMI Product Design & Mgmt.	47	2470975	1897598	25	19/03/1992	Alfa Laval India Ltd.Asst. Manager (R & D)
19	Rajagopal K S	Tech Ops Leader	M.Tech	48	3421270	2493973	24	24/01/1989	Uptron India Ltd.Engineer
20	Choudhary Arun	Head - Retail Automation	BE, MBA	41	2565259	2079129	20	11/9/1999	Manager - Strategy & Marketing GES
21	Bagaitkar Ravindra R	Head, BPE	BE	44	3316302	2570689	22	1/12/1988	Assistant Instrument Engineer
22	Abraham T. Joy	BU Head,HPS Lifecycle Services	BE (Elect.)	40	2729962	2190873	19	1/9/1992	HAIL
23	Arora Asheesh	Regional GM,HFS, Asia Pacific	BE, MBA	37	4751715	3152847	14	20/08/2000	Tata Admn. Services
24	Dharachar Girish Murali	Head Install Business	BE (Mech)	40	3648915	2623348	18	16/12/2005	GM-Key A/c,Infinite Comp.Solutions
25	Kelkar Anant	COE & IT Leader	BE	49	3551640	2688266	27	26/02/1994	Instrumentation Ltd.
26	Pandit Vivek Ramchandra	HEAD-EPC Vertical	BE	52	2488700	1813719	30	1/12/1995	Manager Control Div.,Gulf Commercial Group,Abu Dhabi
27	Pradhan Ninad Anil	SBU Head	BE	46	3028625	2353249	25	01/10/1993	Dynamic Technologies,Sr. Engg, Sales
28	M.R.Udaya Shankar	Lifecycle Service leader,Asia Pacific	BE	50	3353348	2434765	28	25/02/1992	Senior Eng. Support,Uptron India Ltd.
29	Upreti Lalit Prasad	Operations head Projects	B.Tech	56	2593617	2034581	30	29/07/1992	Uptron India Ltd
30	KI Shashikant	LOB Leader	BE	40	2616578	2070936	16	31/01/2002	Novar India Ltd,AGM - BCS
31	Nag Subrata Kanti	Sales Leader,APAC	M.Sc.(Elect.)	60	2600264	1943662	38	11/8/2005	GM Sales,Eurothrem Del I Ltd.
32	Batra Ashwani Kumar	Regional Finance Leader, HPS	B.com,FCA, ACS, AICWA	39	2671464	2142327	17	7/5/2007	Reliance Retail Ltd.
33	AnanthanarayananK V	Head Legal	B.Sc, LLB	38	2747357	2069305	17	25/2/2008	Legal Counsel,Ingram Micro India P.Ltd.
34	Senapati Kedar	Commercial Head ACS	ACA, LLB	43	3677221	2866004	18	14/10/2008	L&T Ltd , AGM - F&A

**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

M.N. BHAGWAT  
Chairman

Mumbai, February 15, 2010

**Registered Office:**

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