



ANNUAL REPORT 1997-98

**EVEREADY**  
INDUSTRIES INDIA LTD.



## News - steaming hot!

'Tez' and 'Premium Gold' have grown in consumer favour and are today ranked among the most promising brands in the Tea market.



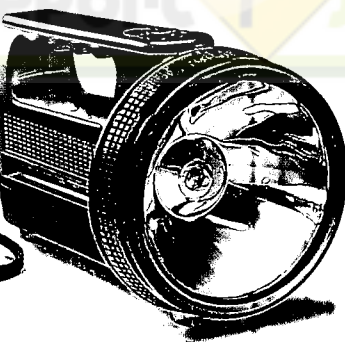
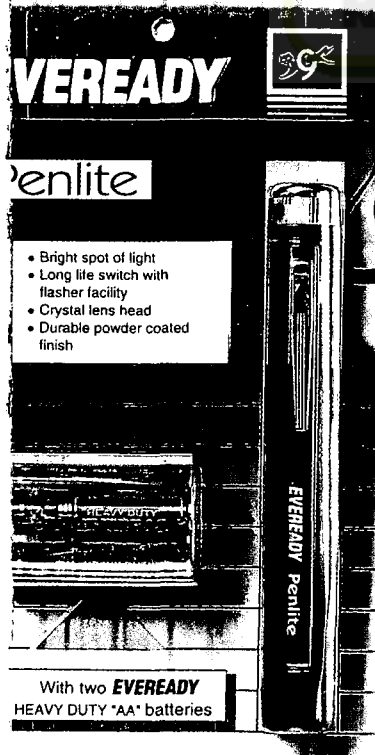
## Eveready-GP mobile power

Eveready cellular phone batteries promise ultra high capacity, longer life and no memory effect. They are sold through exclusive counters at all metro cities.



## Eveready on a victory crusade

'Go Ashwamedh' was the theme of the Sales Conference held in Goa. The spirited horse symbolising the unstoppable spirit of Eveready. The conference worked wonders in enthusing the 280-strong sales and marketing people gathered in Goa, to outperform and excel. Seen in the picture, Mr. Deepak Khaitan, Vice-Chairman, addressing the gathering.

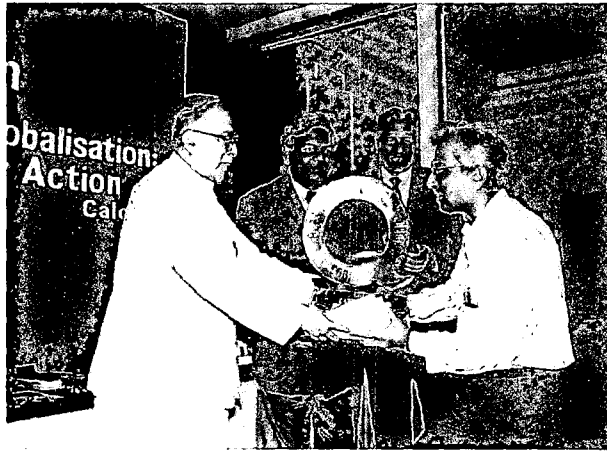


## Spotlight on Kryptonlite

The smart new lanterns are powered by a dazzling Krypton bulb.







### Trophy for Total Quality

Eveready bagged the coveted Hindusthan Cable Trophy for excellence in Total Quality Management awarded by CII, Eastern Region. Picture shows Shri Jyoti Basu, Chief Minister of West Bengal, handing over the prize. It was received by Mr. P. D. Pal on behalf of the Company.

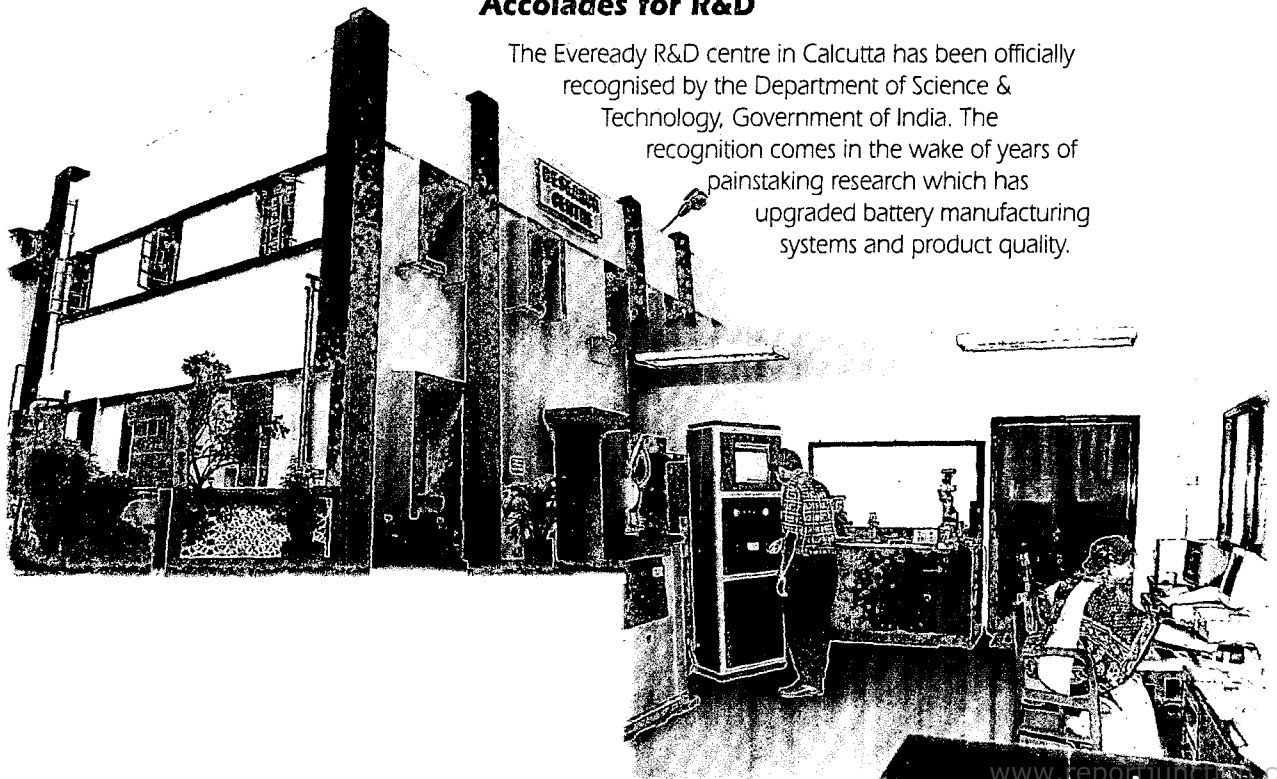
### Awards for Quality Circle Achievements

The Quality Circle movement is gaining momentum and fetching results from the shopfloor upwards. The awards seen here are to honour various Quality Circles members for their contribution in making the Company even more quality-oriented.



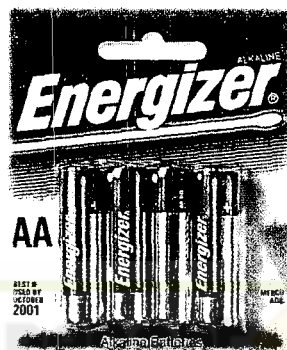
### Accolades for R&D

The Eveready R&D centre in Calcutta has been officially recognised by the Department of Science & Technology, Government of India. The recognition comes in the wake of years of painstaking research which has upgraded battery manufacturing systems and product quality.



### The alkaline ace

Energizer alkaline battery is the leading brand in its category when it comes to market share. A product of the joint venture with Ralston Purina Overseas Battery Company Inc., USA.



### The super-heavy duty leader

Built as the Power Beyond! The most powerful battery in the Super Heavy Duty category.



### The Energizer extraordinary

The best names in watches the world over, are kept ticking with high-performance Eveready Energizer batteries. These state-of-the-art silver oxide batteries based on the technology of Eveready Battery Company, Inc., USA, are now a best-seller in India.



America's  
number 1  
watch battery.  
Now in India.

### The little big performer

The new Penlite-torch the power-packed little one - comes with a special long life switch/flasher facility. It targets the growing 'travel consumer'.

MD	✓		BKC	NA
CS	✓		DPY	NA
RO	✓		DIV	✓
TRA	ND		AC	✓
AGM	NA		SHI	✓
YE	✓			

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## Board of Directors

B. M. Khaitan  
*Chairman*

D. Khaitan  
*Vice-Chairman*

R. S. Jhawar  
R. L. Joseph  
A. Roy  
*Wholtime Directors*

M. Ahmad  
V. K. Jolly  
A. Khaitan  
P. K. Khaitan  
P. Magor  
Sreedhar Menon  
Bhaskar Mitter

*Vice-President & Secretary*  
A. Chakravarti

*Bankers*  
American Express Bank Ltd.  
ANZ Grindlays Bank p.l.c.  
Citibank N.A.  
Standard Chartered Bank  
State Bank of India  
United Bank of India

*Solicitors & Advocates*  
Khaitan & Co.  
Sandersons & Morgans

*Auditors*  
Price Waterhouse  
S. B. Billimoria & Co.

*Registered Office*  
1, Middleton Street  
Calcutta 700 071.

## REPORT OF THE DIRECTORS

For the financial year ended March 31, 1998.

Your Directors have pleasure in presenting the Annual Report, together with the audited Accounts of your Company, for the financial year ended March 31, 1998.

**Company Performance**

(Rs. in Crores)

Financial results are summarised below :

	1997-98	1996-97
<b>Profit before Interest, Depreciation and Taxation</b>	<b>109.83</b>	<b>80.97</b>
Less : Depreciation	(15.19)	(12.51)
	<b>94.64</b>	<b>68.46</b>
Less : Interest for the year	(37.61)	(39.68)
<b>Profit before Taxation</b>	<b>57.03</b>	<b>28.78</b>
Less : Provision for Taxation	(12.00)	(15.00)
<b>Profit after Taxation</b>	<b>45.03</b>	<b>13.78</b>
Provision for Contingencies no longer required	0.16	0.69
Transfer from Investment Allowance Reserve	—	0.60
Transfer from Debenture Redemption Reserve	—	3.00
Profit brought forward from previous year	20.45	21.90
Dividend of earlier year written back	—	4.93
<b>Profit available for appropriation</b>	<b>65.64</b>	<b>44.90</b>
<b>Appropriations :</b>		
Proposed Dividend	14.48	10.88
Tax on distributed profits @ 10% on proposed Dividend	1.45	1.09
Debenture Redemption Reserve	0.25	—
General Reserve	25.00	12.50
<b>Profit carried forward</b>	<b>24.46</b>	<b>20.45</b>
	<b>65.64</b>	<b>44.90</b>

Your Company's performance during the period under review recorded a significant improvement over the previous year, with both Sales and Profits reaching record levels. Sales improved by 20%, profit before tax improved by 98%, and profit after tax improved by 227%. Interest cost also came down despite deployment of additional funds required for the Company's growth and diversification plans, due to significant

improvement in working capital controls and restructuring of borrowings.

**Dividend**

Your Directors recommend that a Dividend of Rs.4.00 per share, amounting to Rs.14.48 crores, be declared and paid.

**Operations Review**

**Batteries and Flashlights :** Despite severe competitive pressures and difficult market

conditions arising out of a slow down in the growth of the dry battery market to around 4.5% during the year, as compared to over 10% per annum during the previous two years, sales of 760 million pieces of dry batteries, the main product line of your Company, were the highest ever recorded. While these pressures are expected to continue during the current year also, your Company is geared to facing these challenges, and maintaining its leadership position.

With improved availability, flashlight sales increased by over 4% in comparison to the previous year to 10.6 million pieces.

During the year, your Company continued its thrust on World Class Manufacturing initiatives, resulting in further improvements in efficiency, productivity and capacity utilisation. Technology assistance from Eveready Battery Company Inc., USA (EBC), and further training of senior Company personnel at various EBC locations helped in achieving these initiatives.

At the new state-of-the-art D size battery plant being set up at Noida, UP, production trials are being conducted presently, and commercial production is expected to commence shortly. This plant will enable your Company to feed the Northern markets more effectively, with attendant savings in distribution costs.

On account of locational advantages, the project for setting up a modern plastic processing unit for manufacturing components for captive consumption, industrial moulded products, as well as battery operated plastic appliances, has since been relocated to Noida, UP.

The above should significantly add to the Company's present strengths.

**Tea :** Production at 23.98 million kgs was 6% higher than in the previous year. The increase is primarily the result of continuous productivity development work undertaken at various tea estates and favourable

weather during the later part of the year. During the year under review, tea prices were firm and attained much higher levels as the shortfall of the Kenyan crop spurred demand in the international markets.

The ongoing schemes for revamping of equipment and modernisation of the factories continued during the year. The resultant high quality of the Company's tea enabled realisation of better prices both in India and abroad.

During the year your Company acquired two tea estates in West Bengal at Dooars viz., Mathura and Bhatpara. Action for rejuvenation and modernisation has been initiated in these two estates. The said tea estates are expected to contribute about 2 million kgs of tea per year, with potential for further growth in production.

In keeping with the thrust on exports, 6.80 million kgs of tea were exported during the year compared to 6.46 million kgs last year. Your Board would like to record its appreciation of the services of George Williamson & Co., Newbury, the Overseas Selling Agents, in marketing the Company's tea in international markets.

In addition to the three States covered in the previous year, your Company launched its packet tea brands '**Tez**' and '**Premium Gold**' in five other States during the year and a volume growth of 100% was achieved against stiff competition. While the general buoyancy in the tea market helped, strong competitive strategies were simultaneously applied to ensure that these brands carve out a reasonable market share in the packet tea segment. The encouraging results achieved so far will help to speed up the launch in more States during the current year, for which the growth plans have been laid out.

Modernisation and expansion of the packet tea factory at Chuapara is being undertaken to cater to the increasing demand.

The Company is actively engaged in environmental protection of its tea estates.



All non-tea areas are under afforestation. Millions of fruit plants have been distributed to the villagers. Assam Valley Wild Life Society, founded by the Company, is involved in preserving rare species of animals. The Company has also contributed to the corpus fund of the Rhino Foundation.

**Carbons, Metals & Minerals :** Sales of cinema arc carbons were 4% higher than the previous year. Sales of photo-engravers' plates and Electrolytic Manganese Dioxide could not be maintained at previous year's levels due to adverse market conditions. Efforts are on to regain earlier volume levels.

**Trading :** Your Company's joint venture with EBC (India) Company Limited, a wholly-owned subsidiary of Ralston Purina Overseas Battery Company Inc., USA, for miniature batteries got off to a promising start, with the first bulk shipments of watch batteries being sold to select dealers in the country. Brand building activities are under way.

**'Eveready GP'** Rechargeable batteries for cellular phone consumers were released in main cities throughout the country. There is stiff competition from low priced imports, yet the strong brand name and high quality of these batteries is making their presence felt in the market.

Sales volume of alkaline batteries under **'Energizer'** brand procured from Energizer India Limited, a joint venture between your Company and Ralston Purina Overseas Battery Company Inc., USA, recorded an increase of 18% over the previous year. According to a national retail audit conducted by an independent market research agency (ORG), **'Energizer'** is the leading brand in the alkaline segment in the country in terms of market share.

The market demand for **'Nirodh'** could not be satisfied during the year, primarily due to constraints in supply of product by Hindustan Latex Ltd. These constraints have since eased.

## Status on Bhopal

The Chief Judicial Magistrate, Bhopal, has framed modified charges in accordance with the directions of the Supreme Court. Trial proceedings on these charges have since commenced.

As stated in the previous year's Report, the charges now framed are considerably less severe compared to those in the original charge sheet. The Company has been advised that the allegations made against it in the material on record in the case are without any firm basis, and do not satisfy the essential ingredients of the charges framed. Hence, the possibilities of criminal proceedings succeeding and the Company being convicted are extremely remote, and the charges are very likely to fail.

## Safety

The flashlight factory at Lucknow was adjudged Winner under the National Safety Award Scheme by the Ministry of Labour, Govt. of India, for the year 1994, in recognition of completing 8.7 million accident free man hours.

## Employee Relations

Employee relations remained satisfactory during the period under review. Wage settlement leading to improvement in productivity and equipment efficiency was concluded at the Hyderabad plant.

The law and order situation in the tea growing districts has remained, by and large, the same as in the previous year. The need to restore normalcy continues to receive the attention of all concerned. Your Board would like to record its appreciation of the wholehearted support and dedication rendered by employees at all levels in maintaining smooth production at, and movement of tea from, all the tea estates during the year.

Your Directors wish to also place on record their appreciation of the continued support



rendered by all other employees of the Company.

Particulars of employees required under Section 217(2A) of the Companies Act, 1956, are given in the Annexure forming part of this Report.

### **Total Quality Management**

Your Company was awarded the 1997 Hindustan Cable trophy for excellence in Total Quality Management (TQM) system by Confederation of Indian Industry, Eastern Region. This premier award for TQM aims at creating a model for others in methods and systems practised in pursuing the concept of Total Quality.

Employee participation level in TQM activities improved further during the year with a marked improvement in productivity.

The battery as well as electrode manufacturing plants at Hyderabad received ISO-9002 certification. The battery plant at Chennai and the carbon products plant at Calcutta have been recommended for ISO-9002 certification by accredited agencies. With these, seven of your Company's plants have achieved this landmark.

The Metals & Ores plant at Calcutta was awarded the Productivity Award by Confederation of Indian Industry, Eastern Region, for significant improvement in productivity during 1996-97.

Your Company's on-going thrust on training and development of employees continued. As an additional feature, training was extended to senior employees in Transcendental Meditation conducted by Maharishi Institute. Special emphasis was laid in training to enhance skill of employees in maintenance management. Training of your Company's distributors and stockists also continued during the year.

### **Welfare Activities**

The Company continued with its efforts in reinforcing and developing the infrastructural facilities around the tea estates by building/ refurbishing roads, hospitals and primary schools. The Magor Education Trust, which promotes literary and educational activities and grants Magor Scholarships to outstanding students for Medical, Management and Computer studies, and the Magor Football Academy, which trains young footballers to excel in the game of Football, continued to receive active support from your Company. The Company has agreed to contribute towards construction of the Law Faculty Building of the Guwahati University. Cultural institutions like Vivekananda Kendra, and benevolent projects like Adult Education Programme, Village Medical Projects and Bodo Handloom Scheme, are also being supported by your Company.

As in the previous four years, 14 scholarships ('Eveready Scholarships') for advanced education for a maximum of Rs.10,000 each were awarded to employees' children, and to the general public, the latter being awarded through Eveready Welfare Services.

Your Company has recently taken up a scheme to promote multiple cropping in the state of Assam. With this end in view and in association with the Bureau of Integrated Rural Development, a non-Government organisation, 100 bighas of land in the Balipara and Bishnauth Charali areas respectively have been ear-marked. It is expected that multiple cropping scheme will benefit the farmers of the area and add to their income.

### **Public Deposits**

Deposits amounting to Rs.40.96 lakhs due for repayment remained unclaimed by depositors as on March 31, 1998. These depositors have been approached for

completing the procedural formalities for either repayment or renewal.

### **Subsidiary Companies**

Copies of Annual Reports and Accounts of Nepal Battery Company Limited, a joint venture between your Company and Nepalese Nationals, of Natex Investment & Marketing Limited, a wholly-owned subsidiary of your Company, and of Eveready Energizer Miniatures Limited, a joint venture between your Company and EBC (India) Company Limited, a wholly-owned subsidiary of Ralston Purina Overseas Battery Company Inc., USA, are annexed to this Report, as required under Section 212 of the Companies Act, 1956.

### **Exports and Foreign Exchange Earnings & Outgo**

Your Company's Tea Division operates through well established and internationally reputed Agents in the United Kingdom, who have business connections in several countries. A strong presence is also maintained in Europe, USA and other major tea consuming countries through a network of agents and representatives, with the objective of exploring and developing overseas markets, both in traditional and non-traditional areas. Regular visits are also undertaken by Company representatives from time to time, with a view to establishing and maintaining direct contacts with the tea trade for ascertaining customer preference and to expand export activities.

Arrangements are made from time to time for overseas tea buyers, packers and blenders to visit the tea estates of the Company, so as to enable them to familiarise themselves with the Company's quality products.

	Year Ended	Year Ended
	31.03.98	31.03.97
	Rs. lakhs	Rs. lakhs
Foreign Exchange Earnings	64,28.30	46,13.11
Foreign Exchange Outgo	32,25.56	29,93.39

### **Conservation of Energy & Technology Absorption**

A statement giving details of conservation of

energy and technology absorption in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed.

### **Directors**

Mr. C. P. Raman retired as the Managing Director of the Company effective January 19, 1998 after completing over 30 years of distinguished service. Dr. D. P. Antia and Mr. N. N. Lahiri resigned as Directors with effect from December 22, 1997 and December 31, 1997 respectively. The Board is pleased to place on record its deep appreciation of the services rendered by Mr. C. P. Raman, Dr. D. P. Antia and Mr. N. N. Lahiri during their respective tenures with the Company.

Mr. R. S. Jhavar was re-appointed by the Board as Wholtime Director for a period of 3 years from October 1, 1997. Mr. A. Roy and Mr. R. L. Joseph were inducted on the Board as Additional Directors effective December 8, 1997, and were appointed as Wholtime Directors for 3 years with effect from the same date.

Mr. Sreedhar Menon was appointed as an Additional Director of the Company on March 30, 1998.

In accordance with Article 110 of the Articles of Association of the Company, Messrs. B. M. Khaitan, P. Magor, P. K. Khaitan and V. K. Jolly will retire by rotation at the forthcoming Annual General Meeting, and, being eligible, offer themselves for re-appointment.

### **Auditors**

Messrs. S. B. Billimoria & Co. and Messrs. Price Waterhouse retire as Joint Auditors of the Company, and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board

B. M. KHAITAN

June 17, 1998

Chairman