

A N N U A L R E P O R T 2 0 0 2 - 2 0 0 3

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EVEREADY
INDUSTRIES INDIA LTD.



Gunjan, the first Quality Circle at our plant in Mumbai topped the 34th National Convention of Quality Circles organised by Confederation of Indian Industries.

Gunjan at Tirupur, Kolkata, has been awarded the ISO 14001 for world class environmental management systems.

TUV CERT **CERTIFICATE**

The TUV CERT Certification Body of RWTUV Systems GmbH hereby certifies in accordance with TUV CERT procedures that

EVEREADY INDUSTRIES INDIA LTD.
UNIT : NATIONAL CARBON PLANT
UNIT : CAMPECO CARBON WORKS
6, Kumbhari - 750 002, India

has established and applies a quality system for Manufacture of Dry - Cell Batteries.

An audit was performed. Report No. 13-242004
Proof has been furnished that the requirements according to ISO 14001 / EN ISO 14001 are fulfilled. This certificate is valid until February 2006
Certificate Registration No. 9440 004



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EVEREADY INDUSTRIES INDIA LTD.
UNIT : National Carbon Plant
1, Teresia Road, Kolkata - 700 004, India

has established and applies an environmental management system for Manufacture of Dry - Cell Batteries.

An audit was performed. Report No. 13-242004
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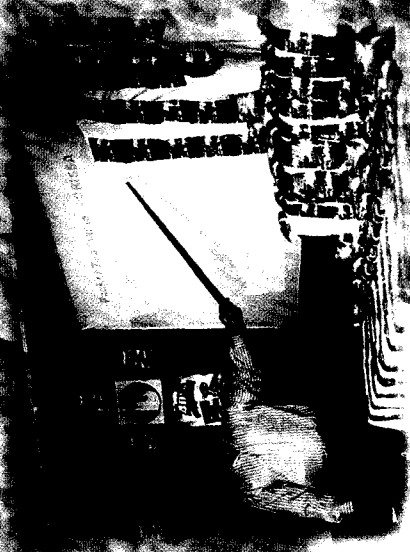


first ISO 14001 certification at its plant at Tirupur, Kolkata, has been certified as ISO 14001.



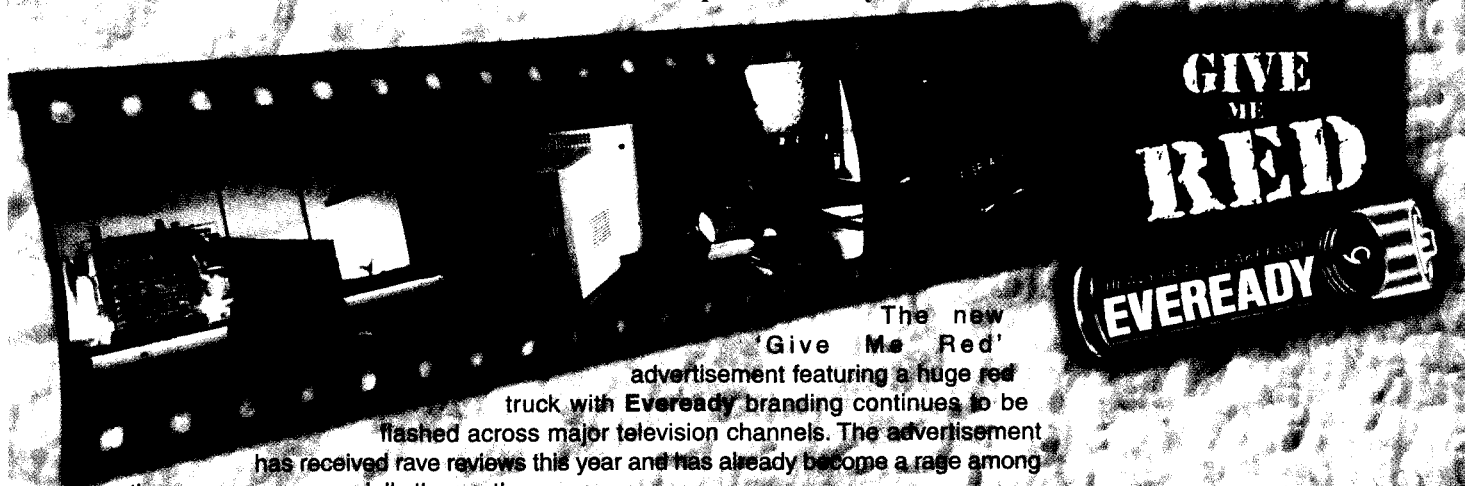
We stormed the international market with LAVA.

A range of Alkaline and Super Heavy Duty Batteries. The year 2005 saw the launch of LAVA, the torch for the overseas market.

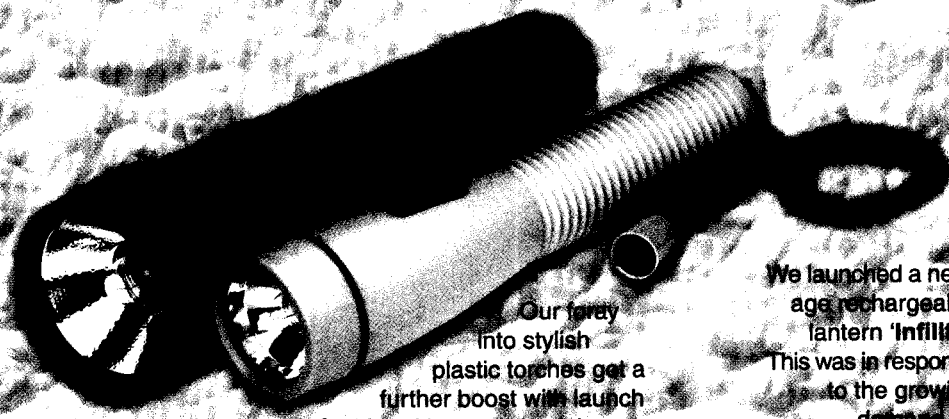


We launched the 'Alkaline' brand of rechargeable test at the state of Orissa. This is in line with our strategy to make market available across all states in India.



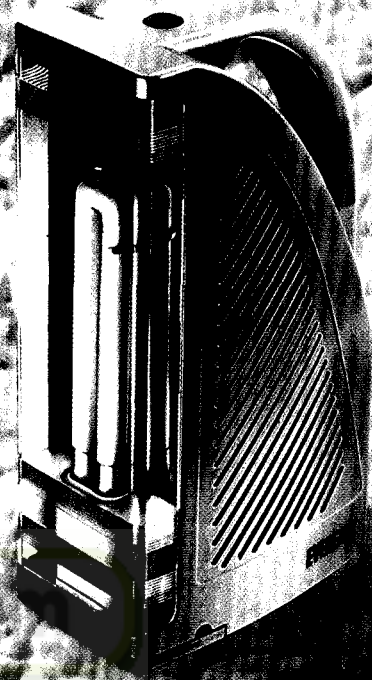


The new 'Give Me Red' advertisement featuring a huge red truck with Eveready branding continues to be flashed across major television channels. The advertisement has received rave reviews this year and has already become a rage among the consumers, especially the youth.



Our foray into stylish plastic torches got a further boost with launch of two exciting new models – **Electra and Matrix.**

We launched a new-age rechargeable lantern 'Infilite'. This was in response to the growing demand for continuous lighting especially in states where there are extensive power cuts.



We launched a new D size battery 950S. Unusual in representation and colour, 950S has been created by the Paris-based designer Shombit Sengupta and is available in select markets in the country.



With the success of our Rechargeable business, we introduced improved batteries which can now recharge upto "1000 times", catering to the needs of the discerning consumer.

The Annual Conference returned to Kolkata last year and was attended by more than 500 participants across all locations. Mr B M Khaitan, Chairman, addresses Team Eveready.



Our highest selling branch Lucknow moved into a new modern office last year. Mr Deepak Khaitan, Executive Vice Chairman & Managing Director was present at this joyous occasion.



Notice

EVEREADY >>>
INDUSTRIES INDIA LTD.

The Sixty-eighth Annual General Meeting of the Members of Eveready Industries India Ltd. will be held on Monday, June 30, 2003, at 10.30 a.m. at Kalamandir, 48, Shakespeare Sarani, Kolkata - 700 017 to transact the following business:-

1. To consider and adopt the Report of the Directors' and the Annual Accounts of the Company together with the Auditors' Report thereon for the year ended March 31, 2003.
2. To appoint Directors in place of Messrs. B. M. Khaitan, Bhaskar Mitter and A. Chakravarti who retire by rotation and being eligible, offer themselves for re-appointment.
3. To appoint Auditors and fix their remuneration.

The Register of Members of the Company will remain closed from June 24, 2003, to June 30, 2003, both days inclusive.

Duly executed and stamped transfer deeds, along with the related Share Certificates, should be submitted to the Company before the closure of the Register of Members for transfer registration.

A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself. Such proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.

The information as required to be provided in terms of the Listing Agreement with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is annexed.

Registered Office :

1, Middleton Street,
Kolkata - 700 071.
May 9, 2003

By Order of the Board

A. Chakravarti
Director & Secretary

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Notice

Particulars Relating to Directors proposed to be appointed/re-appointed

1. Name : Mr. B. M. Khaitan
 Age : 75 yrs.
 Qualifications : B. Com.
 Expertise : An eminent industrialist heading the Williamson Magor Group of Companies and a nationally revered entrepreneur, Mr. Khaitan has more than 5 decades of experience in leading diverse industries in the country.
 Other Directorships :
Name of Company : Committee Memberships, if any, with position
 Williamson Magor & Co. Ltd.
 CESC Ltd.
 Flender Ltd.
 Jayshree Tea & Industries Ltd.
 Phillips Carbon Black Ltd.
 The Moran Tea Company (India) Ltd.
 Babcock Borsig Ltd.
 Williamson Maknam Ltd., U. K.
 Remuneration Committee, Chairman
2. Name : Mr. Bhaskar Mitter
 Age : 83 yrs.
 Qualifications : Barrister-at-Law (London)
 Expertise : An eminent professional and business leader Mr. Mitter has about 6 decades of experience over the whole range of business operations having held topmost positions in industry. He has held the position of Chairman of Andrew Yule Group, CESC Ltd. and BOC Ltd. and also President of Bengal Chamber of Commerce & Industry and The Associated Chambers of Commerce & Industry of India.
 Other Directorships :
Name of Company : Committee Memberships, if any, with position
 Exide Industries Ltd.
 Graphite India Ltd.
 Oriental Carbon & Chemicals Ltd.
 Upper Ganges Sugar Mills Ltd.
 Flender Ltd.
 Gloster Jute Mills Ltd.
 Audit Committee and Remuneration Committee, Member
 Audit Committee, Member
 Remuneration Committee, Member
3. Name : Mr. A. Chakravarti
 Age : 62 yrs.
 Qualifications : M. Sc. (Tech.), LL. B., ACS, AICWA
 Expertise : Presently a Wholetime Director & Company Secretary, Mr. Chakravarti has over 4 decades of experience in various aspects of industrial management and corporate affairs in diverse industries holding senior positions.
 Other Directorships :
Name of Company : Committee Memberships, if any, with position
 Nepal Battery Company Ltd.
 Eveready Welfare Services
 Natex Investment & Marketing Ltd.
 Audit Committee, Chairman

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Bankers

Allahabad Bank
American Express Bank Ltd.
Central Bank of India
Citibank N. A.
HDFC Bank Limited
ICICI Bank Limited
Indian Bank
Standard Chartered Bank Ltd.
State Bank of Bikaner & Jaipur
State Bank of India
UCO Bank
United Bank of India

Solicitors & Advocates
Khaitan & Co.
Sandersons & Morgans

Board of Directors

B. M. Khaitan
Chairman

Deepak Khaitan
*Executive Vice-Chairman &
Managing Director*

P.K. Kaul
Bhaskar Mitter
Aditya Khaitan
P. H. Ravikumar (Nominee of ICICI Bank Ltd.)
R. Srinivasan
Directors

R. S. Jhawar
R. L. Joseph
A. Roy
Wholetime Directors

A. Chakravarti
Wholetime Director & Secretary

Audit Committee of the Board
R. Srinivasan - *Chairman*
Bhaskar Mitter
P. H. Ravikumar
R. S. Jhawar

*Shareholders'/Investors' Grievance
Committee of the Board*
Bhaskar Mitter - *Chairman*
R. S. Jhawar
A. Chakravarti

Remuneration Committee of the Board
Bhaskar Mitter - *Chairman*
P. K. Kaul
P. H. Ravikumar
R. Srinivasan

Auditors
Price Waterhouse
S. B. Billimoria & Co.

Registered Office
1, Middleton Street
Kolkata 700 071

Phone : (033) 2240 0147; 2247 3950
Fax : (033) 2240 2059

REPORT OF THE DIRECTORS

For the financial year ended March 31, 2003

Your Directors have pleasure in presenting the Annual Report with the Audited Accounts of your Company, for the financial year ended March 31, 2003.

Review of Performance

Financial results are summarised below :

	(Rs. in Crores)	
	2002-03	2001-02
Profit before Interest, Depreciation and Taxation	92.63	50.16
Less : Depreciation	31.43	—
Add : Depreciation written back	—	8.68
	61.20	58.84
Less : Interest (net)	60.19	111.60
Profit/(Loss) before Taxation	1.01	(52.76)
Less : Provision for Taxation	(10.12)	(0.57)
Profit/(Loss) after Taxation	11.13	(53.33)
Provision for contingencies	—	(100.00)
Balance	11.13	(153.33)
Profit/(Loss) brought forward from previous year	(141.08)	12.25
Balance carried forward	(129.95)	(141.08)

The overall operations of the Company during the year under review reflected significant improvement over the previous year, contributed both by the FMCG Division and the Bulk Tea Division.

For the first time in the history of the Company, total production of Batteries (including outsourced items) reached 1 billion pieces, and sales volume achieved a record growth of 16.4%. Flashlights also reached record volume in sales. This level of increase in volume supported by effective marketing efforts and rationalisation of manufacturing facilities resulted in a significant improvement in the performance of the FMCG Division.

On the Tea side, despite depressed scenario for the third year in succession for the Industry, your Company was able to achieve improved results, mainly from further rationalisation of working in the tea estates, continuing drive towards cost reduction, more effective marketing, both in the domestic and export market, and continuing stress on improvement in quality.

With the completion of the exercise on restructuring of loans, more effective monitoring of

working capital and closer review of movements in foreign exchange, there was a significant savings in the finance costs for the Company. The Company is grateful to all its Bankers and lending Financial Institutions for their unstinted support and co-operation in this regard. The conversion of Rupee loans into foreign currency loans by the ICICI Bank Limited resulted in significant savings in finance cost for the company.

Dividend

In view of low profit for the year the Directors are unable to recommend any Dividend.

Operations Review

Batteries and Flashlights : The domestic battery industry grew by a healthy 12.7% during the year. Despite a stiff competitive environment prevailing in the industry, your Company grew faster at 16.4%. Total battery sales volume of 957.27 million (previous year - 822.35 million) is an all-time high. The continued market focussed activities undertaken by your Company contributed to this growth. Significant efforts were put in to improve the distribution capabilities of the Company - both

in rural and urban areas. Brand improvement activities through effective communication and visibility campaigns brought in significant gains. These efforts consequently enabled your Company to improve its market share and leadership position.

Significant gains were also made in flashlights. Sales were at a record level of 10.76 million – a gain of 5.1% over the previous year. Product innovations and other marketing activities contributed to such improved results. This was most heartening at a time when the flashlights industry came under serious pressure on account of a major influx of cheap and poor quality Chinese flashlights into the country. The industry took up the matter with the Government of India, which recently imposed a provisional anti-dumping duty against non-brass metal flashlights of Chinese origin.

Your Company continued to meet with encouraging success in the area of rechargeable batteries distributed by it. However, consumer response to alkaline batteries also marketed by your Company was tepid in line with market trends.

The manufacturing operations of both batteries and flashlights improved significantly in the areas of cost and quality. Emphasis was on cost improvement through extensive work in the areas of yield and efficiency. Gains were also recorded in sourcing of input materials and services.

For the first time in the history of your Company total production of batteries (including outsourced items) touched the magic figure of 1 billion pieces.

The AA metal jacket line recently set up at the Noida facility will augment the Company's capacity in the fast growth segment of AA size batteries.

Towards your Company's thrust in eco-friendly environment, the battery facilities at Taratola, Kolkata and Hyderabad and the EMD facility at Thane, Mumbai, were certified for ISO 14000 series. The battery facility at Cossipore, Kolkata, was certified for ISO 9000-2000 series, thus bringing all plants of your Company across India under ISO certification.

Export of batteries got further boost during this year. Despite disturbed conditions in Nepal, your Company made all-time record sales of 'Eveready' branded products in that country. Products under

the export brand 'Lava' were supplied to 7 countries.

The overall scenario in both battery and flashlights industries is encouraging though competitive. Per capita consumption of batteries in India continues to be one of the lowest in the world. However, there is a perceptible improvement in consumption pattern of this essential item and your Company is geared up to match the growing demand. Flashlights industry is also going through a similar transformation and your Company has taken the required steps to match the changing environment. These should reflect in healthy operating performance in the future.

Packet Tea

Packet tea business of your Company continued to be under severe competitive pressure and adverse industry conditions. However, this business started generating positive operating profits in the second half of the year. While this business will continue to be affected by industry conditions, immediate outlook is to make modest operating returns. Your Company continues to be committed to the packet tea business on account of its potential.

Tea

The series of steps taken by the Company over the last two years towards improving the operations did have the desired beneficial effect on the tea business. The continued drive towards cost reduction, rationalisation of working of the tea estates, and effective marketing both in the domestic as well as in the export market, resulted in substantial savings in cost and increase in revenue.

The Company continued to stress on further improvement in quality with its tea commanding premium in all markets. For this reason, despite the overall depressed market, the price realisation for the Company's teas was better compared to the previous year. The assistance and advice of the Company's manufacturing Adviser, Mr. J. M. Trinick, with his over 50 years of international experience, has been extremely helpful in further upgrading the quality of the Company's teas. The Company's tea estates continued to be maintained in a very healthy state.

The Company's overseas Selling Agents, Greenfield Trading Company Limited, UK, continued to do commendable job resulting in higher exports and

better price realisation for the Company. Since their appointment, there has been a significant improvement in the services to overseas customers, and relations with all of them remain excellent.

Employee Relations

Employee relations remained satisfactory during the period under review. Your Board would like to place on record its appreciation of employees who wholeheartedly co-operated in scheduling plant operations in line with market demands. Long-term wage settlement was concluded at the zinc-processing facility at Kolkata and the two plants at Chennai.

Your Board would like to record its appreciation of the unstinted support and dedication from employees at all levels in maintaining smooth production at, and movement of tea from, all the tea estates during the year.

Your Directors also wish to 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.

Welfare Activities

The Company continues its support to the various social welfare activities in the North East. For boosting agricultural production, the Company is involved in various projects in the Sonitpur District of Assam wherein villagers are imparted proper know-how to increase agricultural production. The Company continued to assist the small tea growers by supplying seeds at subsidised rates. The continued support to the Assam Valley Literary Award given to an eminent Assamese writer every year and publication of books in Assamese literature in association with The Asom Sahitya Sabha and the Sahitya Academy also helps in promoting Assamese literature.

The Company's support to higher studies through the Williamson Magor Scholarship Scheme has till date helped 50 deserving students from Assam to pursue higher studies at premier technical and management institutions of the country. The

Company has also supported the construction of the Law Department building at Gauhati University. The Company continues to support the Assam Valley School, which has been recognised as one of the premier schools of the country and only of its kind in the North East.

The Central Hospitals in the Tea Estates have been providing excellent medical facilities to the workers. The Company conducts medical camps for the benefit of the local population as well.

As in previous years, 'Eveready Scholarships' for advanced education were awarded to employees' children and to the general public.

Subsidiary Company

Copies of Annual Report and Accounts of Nepal Battery Company Limited (NBCL) are annexed to this Report as required under Section 212 of the Companies Act, 1956. Since significant restrictions apply in transfer of funds from this subsidiary to the Company, in terms of the relevant provisions of Accounting Standard 21, consolidated financial statements incorporating the Accounts of NBCL have not been prepared.

Public Deposits

Deposits amounting to Rs. 81.75 lakhs due for repayment remained unclaimed by depositors as on March 31, 2003. The concerned depositors have been approached for completing the procedural formalities for either repayment or renewal.

Exports & Foreign Exchange

Earnings & Outgo

During the year, the Company exported 7.73 million kg of tea, compared to 7.48 million kg in the previous year.

As stated earlier, batteries under the brand 'Lava' were exported to 7 countries and were very well received.

	Year Ended 31.03.2003 Rs. lakhs	Year Ended 31.03.2002 Rs. lakhs
Foreign Exchange Earnings	7528.45	6966.57
Foreign Exchange Outgo	7295.23	6408.49