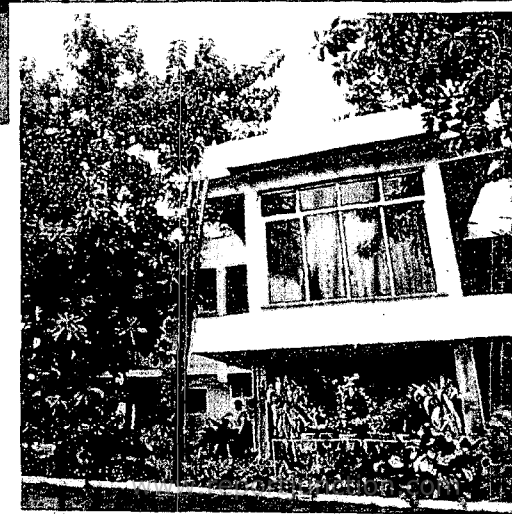
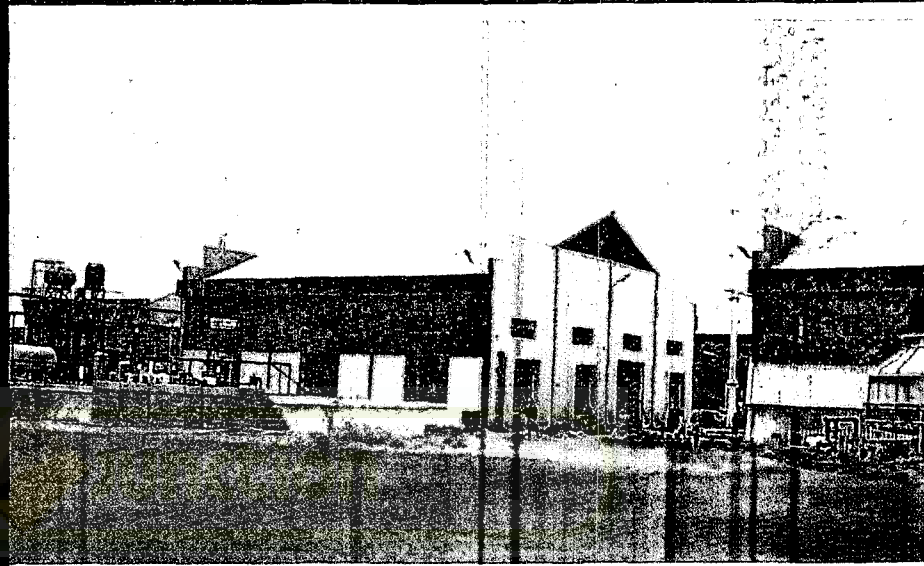
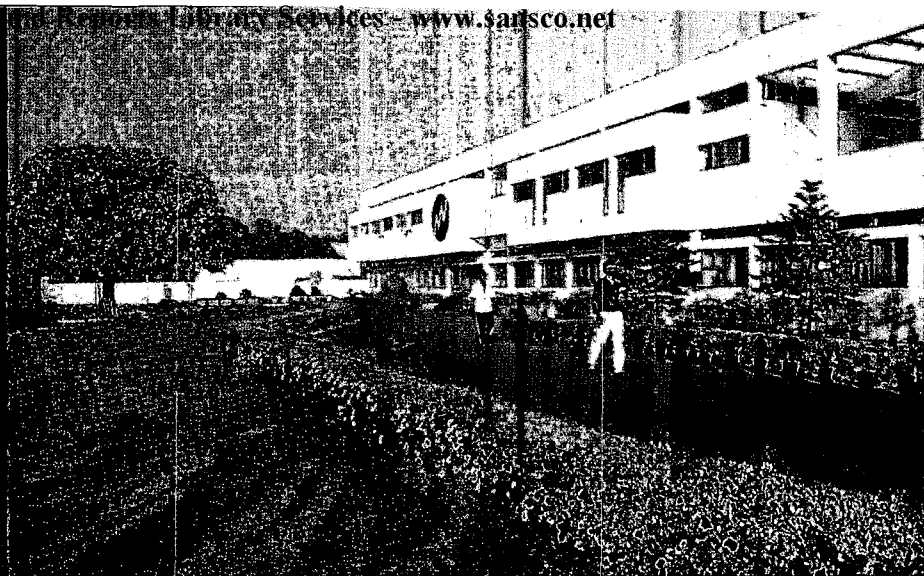




A N N U A L
R E P O R T
1 9 9 7 - 9 8

EXIDE INDUSTRIES LIMITED



Our cover this year is an artist's impression of the concept of synergy – the spirit and philosophy behind our energy and power-packed products. We at Exide believe that the momentum and vigour of corporate growth depends on corporate attitudes towards synergy – bringing people, ideas and organisations together – towards a common goal, towards mutual growth. This is the strength behind the Exide – Standard merger. The two conductors symbolise the meeting on the current of development and progress.

From top to bottom :
1) Haldia Factory
2) Hosur Factory
3) Shamnagar Factory
4) Chinchwad Factory



Regd. Office : 59E Chowringhee Road, Calcutta - 700 020

FOR INFORMATION OF MEMBERS

The FIFTY FIRST ANNUAL GENERAL MEETING of Exide Industries Limited will be held on Thursday, 3rd September, 1998, 10:30 A.M., at Mini Auditorium of 'Science City', Calcutta, located at the junction of EM Bypass and Park Circus connector.

For the convenience of members, details of public transport which connects "Science City" are given below :

<u>BUS NUMBER</u>	<u>ROUTE</u>
S 19	Jadavpur - Jodhpur Park - Gariahat - EM Bypass - Salt Lake
S21	Garia - EM Bypass - Ultadanga - Baghbazar
S23	Esplanade - Chowringhee - AJC Bose Rd - Park Circus - EM Bypass - Salt Lake
C1	Danesh Seikh Lane - Vidyasagar Setu - AJC Bose Rd - Park Circus - EM Bypass - Patuli
C2	Ranikuthi - Golfgreen - Jadavpur - Sukanta Setu - EM Bypass - Nicco Park
C8	Tollygunge - Rashbehari Av - Gariahat - EM Bypass - Salt Lake
C12	DumDum - Shyambazar - Sealdah - Park Circus - EM Bypass - Garia Station
MS 37	Garia - EM Bypass - Ultadanga - VIP Rd - Jessore Rd - Barasat
GL3	Amtola - Tollygunge - Prince Anwar Shah Rd - Sukanta Setu - EM Bypass - Ultadanga

From Park Circus crossing, following buses go towards "Science City" :
C1, C12 & S23.





SANSKO SERVICES



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

BOARD OF DIRECTORS

S. B. Ganguly
Chairman &
Managing Director

R. B. Raheja
Vice Chairman

S. K. Basu
(Nominne - UTI)

S. Chand

G. Chatterjee

R. G. Kapadia

H. M. Kothari

B. Mitter

S. K. Mittal

S. N. Mookherjee

D. S. Parekh

A. H. Parpia

S. B. Raheja
(Alternate V Aggarwal)

T. V. Ramanathan

M. Snakar Narayanan

W. Wong
(alternate B. J. Patel)

EXECUTIVE COMMITTEE

S. B. Ganguly

S. Chand

G. Chatterjee

Barun Das

S. K. Mittal

T. V. Ramanathan

SECRETARY

Barun Das

BANKERS

State Bank of India

ANZ Grindlays Bank

Hongkong Bank

Citibank N.A.

Standard Chartered Bank

Banque Nationale de Paris

HDFC Bank

AUDITORS

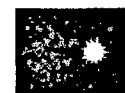
S. R. Batliboi & Co.
36, Ganesh Chandra Avenue
Calcutta 700 013

REGISTRARS AND SHARE
TRANSFER AGENTS

M/s C. B. Management
Services Ltd.
P-22, Bondel Road
Calcutta 700 019

REGISTERED OFFICE

EXIDE HOUSE
59E, Chowringhee Road
Calcutta 700 020



SANSKO SERVICES



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44	Five Years in Retrospect
45	Subsidiary Company : Macneill International Ltd.


**NOTICE OF ANNUAL
GENERAL MEETING**


NOTICE is hereby given that the FIFTY FIRST ANNUAL GENERAL MEETING of the Company will be held at Science City, Convention Centre, Mini Auditorium, JBS Halden Avenue, Calcutta 700 046 on 3rd September 1998 at 10.30 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Profit & Loss Account for the year ended 31 March 1998 and the Balance Sheet as at that date together with the reports of the Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr R G Kapadia who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr D S Parekh who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr A Parpia who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration and for this purpose to consider, and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED that the Auditors, Messrs S R Batliboi & Co., who retire at the conclusion of this Meeting, be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a fee to be determined by the Board of Directors plus reimbursement of out of pocket expenses."

SPECIAL BUSINESS :

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

"RESOLVED THAT in accordance with the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or enactments thereof, for the time being, in force), the authorised capital of the Company of Rs. 75,00,00,000 be and is hereby divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 2,50,00,000 Preference Shares of Rs. 10 each".

"FURTHER RESOLVED THAT the existing clause 5 of the Memorandum of Association of the Company, relating to share capital, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new clause 5 :

The authorised Share Capital of the Company is Rs. 75,00,00,000 divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 2,50,00,000 Preference Shares of Rs. 10/- each. The Company shall have the power to increase or reduce the share capital from time to time as it may think proper, and the shares forming the capital - original, increased or reduced - may be divided into such classes, and may be issued with any preferential, deferred, qualified or special rights, privileges and conditions, or with such qualifications as regards preference, dividend, return of capital, voting or other special incidents, and be held on such terms as may be attached thereto, or as may be provided by the Company's Articles of Association for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to provisions of the Company's Articles of Association for the time being."

8. To consider, and, if thought fit, to pass, with or without modification, the following as a **Special Resolution** :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof, for the time being in force), the Articles of Association of the Company be and are hereby altered by deleting the same and substituting in its place and stead the following as new Clause 3 :

At the date of adoption of these Articles the share capital of the Company of Rs. 75,00,00,000/- divided into 5,00,00,000 Equity Shares of Rs. 10/- each and 2,50,00,000 Preference Shares of Rs. 10/- each.

Registered Office :
Exide House
59E, Chowringhee Road
Calcutta 700 020
Dated : 14th July, 1998

By Order of the Board of Directors

Barun Das
Divisional Head-Legal &
Company Secretary

NOTES

- a. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the aforesaid meeting.
- b. Members are requested to immediately notify any change in their address to the Company and/or the Registrars and Share Transfer Agents, CB Management Services Limited, P-22, Bondel Road, Calcutta 700 019.
- c. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends up to the interim dividend paid for the financial year 1993-94 have been transferred to the General Revenue Account of the Central Government, Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal. The unclaimed dividend for the financial year 1994-95 and unclaimed dividend for the financial year 1995-96 will also be transferred to the said account of the Central Government on 25th August, '98 and 30th August '98 respectively. Members who have not yet claimed their dividend for the said years may claim it now before the same is so transferred.
- d. The Register of Members and Transfer Books of the Company were closed from Thursday, 3rd September, 1998 and will remain closed till Monday, 7th September, 1998, both days inclusive.
- e. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM 7 & 8**

The present Authorised Capital of the Company is Rs.75 Crores divided into 7,50,00,000 Equity Shares of Rs. 10/- each. It is proposed to divide the Authorised Capital into 5,00,00,000 Equity Shares of Rs. 10/- each and 2,50,00,000 Preference Shares of Rs. 10/- each. The items in the Agenda of this Notice is, therefore, given to enable, at appropriate time(s) as the Board may hereafter decide, to issue Preference Shares Capital.

The alteration of the capital clause viz. clause 5 of the Memorandum of Association of the Company is consequential, in accordance with Section 16 of the Companies Act, 1956.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

The alteration to clause 3 of the Articles of Association of the Company is purely consequential to the change in

the classification of shares and alteration of capital clause of the Memorandum of Association of the Company.

The Directors recommend the Resolution for approval of the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the Resolution.

A copy of the Memorandum and Articles of Association of the Company showing proposed alteration is available for inspection at the Registered office of the Company during office hours on all working days, except Saturday, between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

Registered Office : **By Order of the Board of Directors**
 Exide House
 59E, Chowringhee Road
 Calcutta 700 020
 Dated : 14th July, 1998
 Barun Das
 Divisional Head-Legal &
 Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS



Ladies and Gentlemen

It gives us singular pleasure to present our 51st Annual Report together with Audited Accounts of the Company for the year ended 31.3.98

ECONOMIC ENVIRONMENT

India passed through a continued period of uncertainty with a change of government at the Centre coming in at the fag end of the year. This was followed by the economic turbulence in East Asia which contributed in no small measure to a lack of confidence in Asia's ability to assume its rightful place in the global business environment. The economic scenario which had witnessed a buoyant growth of GDP for a couple of years declined perceptibly from 7% to 5%. The situation has become far more challenging in the face of sanctions by certain countries, further compounded by the down grading of India's sovereign risk by credit rating agencies. This year is very crucial for India's policy makers, political leaders and industry. Inflation has reared its ugly head and there is an emerging concern about the investment downturn specially in certain sectors of the economy such as the automotive and steel industries. Concomitantly, the cost of capital is certain to increase and the Rupee has taken a heavy beating.

PERFORMANCE

Your Directors are pleased to report that despite such inclement conditions sales for the year under review amounted to Rs. 571 crores with volumes increasing by 9% mainly in the replacement market. In the OE sector there is a downward trend with the automotive industry having recorded the first year of negative growth after a continued period of

prosperity. However, the predominant position enjoyed by your company in the OE segment of the automobile sector continued and was further augmented by the buy-out of assets of The Standard Batteries Limited as a going concern. This move has garnered for your Company a market share of about 89% in the OE sector. Your Directors are pleased to report that your Company's products have found favour with almost all the international automobile companies who have opted to start operations in the country. The motorcycle battery segment has recorded enthralling results with a 22% growth in volume despite a mere 2% rise in production of two wheelers.

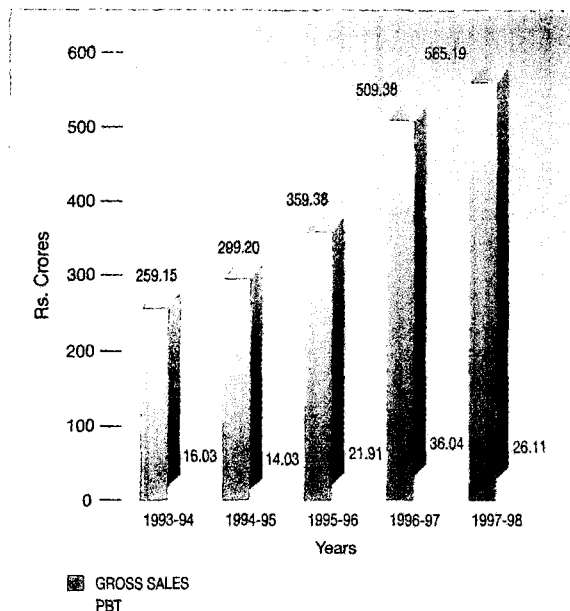
One of the more significant opportunities which arose during the year was consequent to the structural change in the battery industry with the entry of the multinational automobile manufacturers. Your Directors felt that in such a market, to sustain competitive advantages and enhance the leadership of the Company, it would be opportune to acquire the factories of The Standard Batteries. Your Directors felt that the post acquisition synergies would allow the company not only to penetrate the rural areas and reduce their dependence on the unorganised sector but also provide batteries to the ultimate user at a lower price.

The past year also saw stagnation permeating the infrastructure industry with some movement in the telecom sector. The industrial batteries division has, however, recorded a growth of 47%. That this growth was achieved by aggressive strategies to wrest market share from competition is to state the obvious. In addition thereto, new markets were developed for the products such as inverter batteries for power deficient states



From left to right : Mr T V Ramanathan, Mr S Chand, Mr S B Ganguly, Mr G Chatterjee, Dr S K Mittal and Mr Barun Das at a Press Conference in Calcutta to announce the Standard assets buy-out

GROSS SALES & PBT



and VRLA batteries for other sectors such as UPS, railways and telecom.

Exports witnessed a 55% growth in volumes though unit realisations were lower on account of competition from South East Asian countries whose currencies saw a major depreciation in the wake of the economic turmoil. Your Directors are pleased to inform you that the Company has been awarded The Regional Special Shield by Engineering Export Promotion Council in recognition of their performance.

The green field facility established at Hosur is now under full production and your Directors are pleased to report that the quality of product has found appreciation even from the Japanese collaborator, Shin-Kobe. The three factories acquired from The Standard Batteries Limited at Taloja and Kanjur Marg in Maharashtra and Guindy in Tamil Nadu along with the unit acquired from Cosepa Fiscal Industries Limited at Ahmednagar in Maharashtra were acquired for a total consideration of Rs. 106 crores. These would add substantially to your company's existing capacity and widen the product range to include batteries for Russian submarines and cap lamps for the mining sector. Your Directors are confident that this acquisition is a sagacious move as it enhances the company's total capacity to global levels and introduces front ranking Japanese technology from Furukawa for automotive batteries.

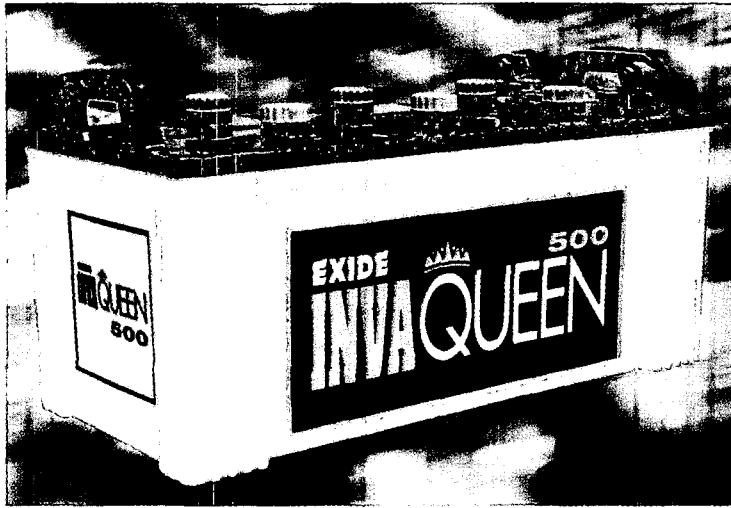
Lead prices during the year were depressed compared to the levels obtaining in the earlier year principally on account of the continued financial turmoil in the world markets and the uncertainty facing commodities on the London Metal

Exchange. However, as measures are taken to grapple with the world economy, the potential for increased volatility cannot be ruled out. During the closing months of the year, the Rupee came under severe pressure as an effect of the contagious depreciation of the South East Asian currencies which was further aggravated by the slow down in the inflow of foreign direct investment into the country along with a depressed sentiment arising from the lower credit rating. In the circumstances your Directors sought to rationalise prices to rejuvenate demand and utilise the capacity created as an opportunity to penetrate the HCV and LCV markets which had been hitherto untapped and were dominated by rebuilders. In addition thereto, the continuing effort at rationalising costs and increasing productivity helped to ensure that operating margins stayed at the same levels achieved as in the earlier year. The year, however, saw increased interest burden arising out of the significant expansions and acquisition which took place during the period under review and which found expression in the depreciation too increasing substantially. All these have contributed towards a lower profit before tax even though the profit before interest and depreciation has increased by about 12%.

FINANCIAL RESULTS

	1997-98 Rs. Lacs	1996-97 Rs. Lacs
Profit Before Tax	2610.82	3603.73
Taxation	275.00	510.96
Profit After Tax	2335.82	3092.77
Debenture Redemption Reserve & Central Investment Subsidy Reserve/Investment Allowance Reserve no longer required written back	-	163.00
Balance brought forward	2795.56	1062.92
Making a total of	5131.38	4318.69
Out of this, appropriations are :		
Contingency/Debenture Redemption Reserve	500.00	100.00
General Reserve	500.00	500.00
Leaving a balance of	4131.38	3718.69
The Directors now recommend payment of dividend at 32%, absorbing	<u>922.68</u>	<u>923.14</u>
and leaving a balance of (which is carried forward to the next year)	3208.70	2795.55

Earnings per share amounted to Rs. 8.10 and Shareholder's equity (inclusive of Revaluation Reserve) stood at Rs. 22896 lacs as on 31.3.98.



InvaQueen – a new inverter battery from Industrial Division

NEW PRODUCTS

The R & D Centre of the company had been extremely active during the year under review with new batteries for the industrial range along with four wheelers and two wheelers unveiled during the year. A significant achievement was the registration of two design patents.

HUMAN RESOURCES

Your Directors recognise the fact that success of an organisation is primarily dependent on the people working towards a uniform objective. In line with this thinking your company has been holding a continuing programme, technical and otherwise, for all levels of employees where productivity and quality along with the Japanese concepts of Kaizen, Pokayoke and the Five S programme are being enmeshed into their conscious goals. In order to ensure concerted action on the induction of the erstwhile personnel of The Standard Batteries Limited who have been absorbed by your company, separate programmes have been held embracing a large number of these employees.

Industrial relations during the period under review have remained generally peaceful and your Directors would like to place on record their appreciation of the sincere efforts by all employees of your company to contribute their mite towards the corporate goals.

RIGHTS ISSUE

The capital market has been facing uncertain conditions with crests and troughs creating undulating curves. In order to part finance the acquisition of the industrial undertakings of The Standard Batteries Limited and Cosepa Fiscal Industries Limited, your company issued equity shares on a rights basis in the ratio of one share for every four shares held at a premium of Rs. 90/- per share. The issue has been completed successfully and allotted shares have been despatched to the investors.

Pursuant to SEBI guidelines, a comparison between performance and projections are furnished below :

	Projected (Rs. Lacs)	Actuals (Rs. Lacs)*
Gross Income	44400	44995
Profit Before Depreciation, Interest & Tax	6525	7701
Profit After Tax	3180	2335
EPS (Rs.)	11.00	8.10

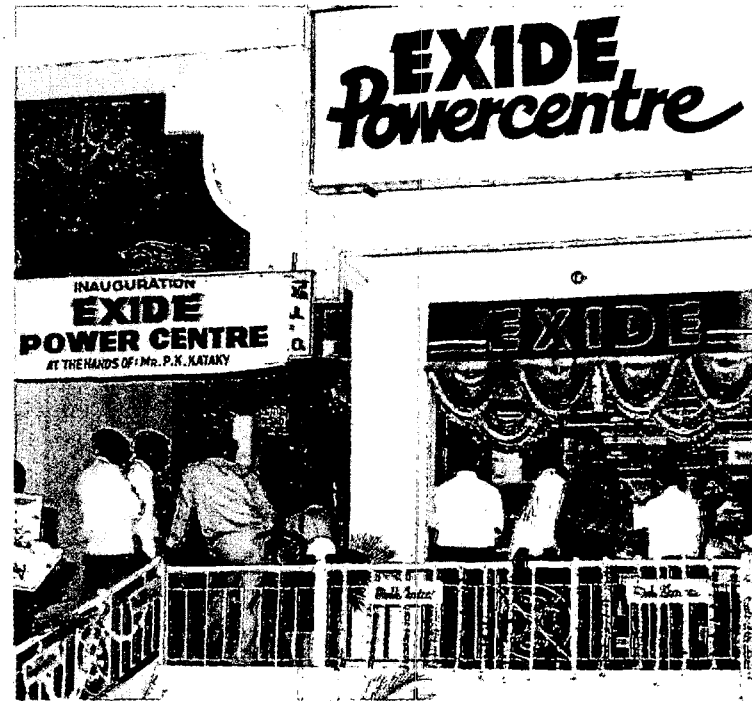
The Profit After Tax is lower on account of the much larger depreciation and interest costs compared to the projections.

PUBLIC DEPOSITS

The Reserve Bank of India announced stringent guidelines for acceptance of deposits and rates of interest for a period of time headed south. Your company's public deposit scheme garnered widespread investor interest and is now a continuing source of funds.

ENVIRONMENT, SAFETY & POLLUTION

Long before environmental activism became a cause for espousal, your company had taken up the task of installing a systematic programme of pollution control and afforestation. Your Directors continue to believe that a clean and green environment is one of the pre-requisites for ensuring that the employees of the company are able to impart their best efforts at maximising contribution.



Exide Powercentre (Industrial) showroom at Nagpur