

India's No. 1

Storage

Battery

Company

EXIDE INDUSTRIES LIMITED

ANNUAL REPORT AND ACCOUNTS 2002-2003

THE MOST FORGETTABLE BATTERY



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India Vs W



st Indies, October 9 – November 3, 2002



CONTENTS

Notice of Annual General Meeting	3
Directors' Report	7
Fiscal Trends	13
The Decade in Retrospect	16
Shareholders' Information	17
Report on Corporate Governance	19
Auditors' Certificate	21
Management Discussion and Analysis	22
Auditors' Report	24
Balance Sheet	26
Profit and Loss Account	27
Cash Flow Statement	28
Schedules forming part of the Accounts	29
Information Regarding Subsidiary Companies	43
Balance Sheet Abstract and Company's General Business Profile	44
Subsidiary Company: Exide Products Limited	45
Subsidiary Company: Caldyne Automatics Limited	54
Subsidiary Company: Chloride Batteries S.E. Asia Pte Limited	66
Consolidated Financial Statements	79

EXIDE INDUSTRIES LIMITED

BOARD OF DIRECTORS

S. B. Ganguly, *Executive Chairman & Chief Executive Officer*
R. B. Raheja, *Vice Chairman & Non-Executive Director*
T. V. Ramanathan, *Managing Director & Chief Operating Officer*
S. Chand, *Director (Automotive)*
G. Chatterjee, *Director (Industrial)*
S. K. Mittal, *Director (R&D)*
R. G. Kapadia, *Non-Executive Director*
H. M. Kothari, *Non-Executive Director*
Bhaskar Mitter, *Non-Executive Director*
S. N. Mookherjee, *Non-Executive Director*
A. H. Parpia, *Non-Executive Director*
S. B. Raheja (Alternate D. S. Parekh), *Non-Executive Director*
W. Wong, *Non-Executive Director*
Vijay Aggarwal, *Non-Executive Director*

SECRETARY

Barun Das

AUDIT COMMITTEE

R. G. Kapadia
Bhaskar Mitter
S. N. Mookherjee
Vijay Aggarwal

EXECUTIVE COMMITTEE

S. B. Ganguly
T. V. Ramanathan
S. Chand
G. Chatterjee
S. K. Mittal
Barun Das
Monodip Chaudhuri
P. K. Katakya
R. P. Ray

REMUNERATION COMMITTEE

Bhaskar Mitter
R. G. Kapadia
S. N. Mookherjee
S. B. Ganguly

SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

T. V. Ramanathan
S. Chand
G. Chatterjee

BANKERS

State Bank of India
Standard Chartered Bank
Citibank N.A.
The HongKong and Shanghai Bank
BNP Paribas
HDFC Bank Ltd.
Corporation Bank

AUDITORS

S. R. Batliboi & Co.
Chartered Accountants
22, Camac Street, Block 'C', 3rd Floor
Kolkata 700 017

REGISTRARS AND SHARE TRANSFER AGENTS

C. B. Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019

REGISTRARS FOR PUBLIC DEPOSITS

Unit Trust of India Investors Services Limited
Bombay Mutual Building
9, Brabourne Road, Kolkata 700 001

SOLICITORS

A. H. Parpia & Co.
Advocates & Solicitors
Lentin Chambers, Dalal Street
Fort, Mumbai 400 001

Mukherjee & Biswas
Solicitors, Advocates & Notary
10, Old Post Office Street
Kolkata 700 001

H. K. Mitter
Solicitors & Advocates
9, Old Post Office Street
First Floor, Kolkata 700 001

REGISTERED OFFICE

EXIDE HOUSE, 59E, Chowringhee Road
Kolkata 700 020

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **FIFTY SIXTH ANNUAL GENERAL MEETING** of the Company will be held at **Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017** on **Friday, 11 July, 2003 at 10.30 am** to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31 March, 2003, and the Balance Sheet as at that date together with the report of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr S N Mookherjee who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr Bhaskar Mitter who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr Vijay Aggarwal who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that the Auditors, Messrs S.R.Batliboi & Co., Chartered Accountants, who retire after conclusion of this meeting, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this 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(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the resolution adopted at the 53rd Annual General Meeting held on 11th August, 2000, the terms of appointment of Mr S B Ganguly as Executive Chairman and Chief Executive Officer be and are hereby varied for a period of two years with effect from 1st April, 2003, subject to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956."
8. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the resolution adopted at the 53rd Annual General Meeting held on 11th August, 2000, the terms of appointment of

Mr T V Ramanathan as Managing Director and Chief Operating Officer be and are hereby varied for a period of two years with effect from 1st April, 2003, subject to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956."

9. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Section 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 share capital of the Company of Rs 75,00,00,000/- be and is hereby divided into 7,50,00,000 Equity 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 7,50,00,000 Equity 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 rights, 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."

10. To consider, and, if thought fit, to pass, with or without modification(s), the following resolution 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 is Rs 75,00,00,000/- divided into 7,50,00,000 Equity Shares of Rs 10/- each."

11. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT upon the recommendation of the Board of Directors and subject to the approval of Reserve Bank of India, and other appropriate authorities where applicable, a sum of Rs 35,61,03,380/- (Rupees Thirty five crores sixty one lakhs three thousand three hundred eighty only) out of the sums standing to the credit of Capital Redemption Reserve / Securities Premium Account be capitalised in terms of Article 152 of the Articles of Association of the Company and that the said sum so capitalised be applied in paying up in full at par 3,56,10,338 new Equity Shares of Rs 10 each (hereinafter referred to as the "said Bonus Shares") in the share capital of the Company and the said Bonus Shares be distributed as fully paid up Bonus Shares to and amongst the persons registered in the Register of Members as the holders of the existing equity shares of the Company, on such date as fixed by the Board, in the proportion of one new Bonus share for every one issued equity share held by such members respectively on the basis that members become entitled to the new equity shares as capital not as income."

"RESOLVED FURTHER THAT the said Bonus Shares be allotted pursuant to the provision contained in Article 152 of the Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid-up equity shares of the company except that they shall be entitled to participate only in such dividends which may be declared after allotment of the said Bonus Shares and they shall not participate in any dividend which may be declared in respect of the financial year or any period prior to the allotment of the said Bonus Shares."

"RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the said Bonus Shares but the certificates in respect of the new equity shares to be allotted as fully paid bonus shares as aforesaid to the holders of shares in physical form and credit to the Depository Participant Account to the holders of shares in dematerialized form would be made within one month from the date of allotment by the Board of Directors of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with the changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons."

"RESOLVED FURTHER THAT the present intention of the Board of Directors to recommend, barring unforeseen circumstances, and subject to the provisions of the Companies (Transfer of Profits to Reserves) Rules, 1975 that the dividend to the members on the expanded equity capital of the company in the year immediately after the bonus issue, shall not be less than 20% be and is hereby recorded."

Registered Office:

Exide House

59E Chowringhee Road

Kolkata 700 020

Dated: 25 April 2003

By Order of the Board

Barun Das

Divisional Head-Legal &

Company Secretary

NOTES

- a. The Register of Members and Transfer Books of the Company will remain closed from 7th July, 2003 to 11th July, 2003 both days inclusive for the purpose of AGM, payment of Dividend and allotment of Bonus Shares. Dividend, if any, that may be declared at the Meeting, will be payable to those members whose names appear in the Company's Register of Members on 7 July, 2003 or to their mandates. The allotment of bonus shares will be made to those members whose names appear in the Company's Register of Members on 7 July, 2003, subject to the approval of the shareholders of the resolution of bonus issue of shares at the ensuing Annual General Meeting.
- b. 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.
- c. Members are requested to immediately notify any change in their address to the Registrars and Share Transfer Agents, C B Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019.
- d. Any money transferred to the unpaid dividend account of the Company in pursuance of Section 205A of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education & Protection Fund established under Sub-Section (1) of Section 205C of the Companies Act, 1956.
- e. Dividend for the financial year ended 31st March, 1996, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government on 30th August, 2003.
- f. 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.
- g. Members holding shares in physical form are requested to notify/send the following to the Company or its Registrars to facilitate better service :-
 - (i) Any change in their address/bank details;
 - (ii) Particulars of their bank account, in case the same have not been sent earlier; and
 - (iii) Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- h. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective depositories, viz., NSDL and CDSL, will be printed on the dividend warrants.

Particulars of Directors retiring by rotation and seeking reappointment at the ensuing Annual General Meeting [Pursuant to Clause 49 of the Listing Agreement]

The brief background and the functional expertise of the directors proposed for re-appointment are furnished below along with the details of public limited companies in which they are Directors and membership of various committees.

- (1) Mr S N Mookherjee, senior advocate, aged about 42 years has been associated with the Company as Director from 1994 and has a wide range of experience in legal and company matters. He is not a director in any other company.
- (2) Mr Bhaskar Mitter aged about 82 years has been associated with the Company as Director from 1966 and has a wide range of experience in company matters. His directorship in other companies include Eveready Industries India Limited, Flender Limited, Gloster Jute Mills Limited, Graphite India Limited, Oriental Carbon & Chemicals Limited and Upper Ganges Sugar & Industries Limited. He is also the member of Remuneration Committee and Audit Committee of Exide Industries Limited, the Chairman of Remuneration Committee of Eveready Industries India Limited and member of Shareholder's/ Investors Grievances Committee and Audit Committee of Eveready Industries India Limited, Audit Committee of Graphite India Limited, Remuneration Committee of Oriental Carbon & Chemicals Limited and Finance and Corporate Affairs committee of Upper Ganges Sugar & Industries Limited.
- (3) Mr Vijay Aggarwal aged about 34 years has been associated with the Company as Director from 2000 and has a wide range of experience in overall business management. He is currently the Managing Director of H&R Johnson (India) Limited. His directorship in other companies include Asianet Satellite Communications Limited, Prism Cement Limited, Indian Council of Ceramic Tiles & Sanitaryware, Bal Endura Adhesives (India) Pvt. Limited, RMC Readymix (India) Pvt. Limited and Spur Cable & Datacom Pvt. Limited. He is also the member of Audit Committee of Exide Industries Limited, member of Audit Committee of H & R Johnson (India) Limited, the Chairman of Remuneration Committee and member of Audit Committee of Asianet Satellite Communications Limited.

Explanatory Statement [Pursuant to Section 173(2) of the Companies Act, 1956]**Item No. 7 & 8**

At the 53rd Annual General Meeting of the Company held on 11th August, 2000 the members approved the variation in the terms of appointment of Mr S B Ganguly, Executive Chairman & Chief Executive Officer and of Mr T V Ramanathan, Managing Director & Chief Operating Officer for a period of three years from 28th April, 2000 to 27th April, 2003.

The Board of Directors of the Company at its meeting held on 9th October, 2002 varied the terms of appointment of Mr S B Ganguly, Executive Chairman & Chief Executive Officer and of Mr T V Ramanathan, Managing Director & Chief Operating Officer for a period of two years from 1st April, 2003 subject to the approval of the members at the Annual General Meeting of the Company.

The main terms and conditions are set out below :-

Mr S B Ganguly**Executive Chairman & Chief Executive Officer**

Salary : Rs 2,00,000/- per month with such increments as may be determined by the Remuneration Committee from time to time as per rules of the company.

Commission : Commission of 1% of the net profits of the company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of annual salary for each year.

Duties : Subject to the superintendence, control and direction of the Board, he shall have the responsibility of overall management of the business of the company and for that purpose shall have the power to do all such acts, deeds and things on behalf of the company as may be required or delegated to him by the Board.

Period : 2 [two] years from 1 April, 2003.

Mr T V Ramanathan**Managing Director & Chief Operating Officer**

Salary : Rs 1,35,000/- per month with such increments as may be determined by the Remuneration Committee from time to time as per rules of the company.

Commission : Commission of 1% of the net profits of the company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of annual salary for each year.

Duties : Subject to the superintendence, control and direction of the Executive Chairman and Chief Executive Officer, he shall have the overall responsibility for all matters relating to finance, accounts and management information systems and for that purpose shall have the power to do all such acts, deeds and things on behalf of the company as may be required or delegated to him by the Executive Chairman and Chief Executive Officer.

Period : 2 [two] years from 1 April, 2003.

Other terms and conditions common to Mr. S B Ganguly and Mr T V Ramanathan:-

Perquisites

In addition, to the above salary and commission, Mr S B Ganguly and Mr T V Ramanathan shall also be entitled to perquisites like furnished accommodation with expenditure on gas, electricity, water, maintenance and repair, thereof, or House Rent Allowance with expenditure on gas, electricity, water and furnishings, leave travel allowance for self and family, medical expenses and medical insurance for self and family, fees of clubs, personal accident insurance and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board of Directors.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual cost.

Provision for use of Company's cars and telephones at residence (including payment only for local calls and official long distance calls) shall not be included in the computation of perquisites.

Company's contribution to Provident Fund and Pension Fund not exceeding 27% of salary. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and leave including encashment of leave at the end of the tenure, as per Company's policy.

Minimum Remuneration

In the absence of or inadequacy of or profits in any of the financial years during the tenure of Mr S B Ganguly as Executive Chairman & Chief Executive Officer and of Mr T V Ramanathan as Managing Director & Chief Operating Officer of the company, they shall be entitled to such remuneration by way of salary alongwith perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under Schedule XIII of the Companies Act, 1956 from time to time.

General

In addition the contract sets out the usual rights and obligations of the parties.

Termination

The appointments are terminable on six months notice on either side.

An abstract of the variation in the terms of appointment of Mr S B Ganguly and Mr T V Ramanathan as required under Section 302 of the Companies Act, 1956 have already been sent to the members in October, 2002.

The Board considers the aforesaid appointments on the terms set out above to be in the best interest of the Company and therefore recommends that these resolutions be adopted by the members.

Except Mr S B Ganguly and Mr T V Ramanathan, no other Director is concerned or interested in these Resolutions.

ITEM No. 9 & 10

The present authorised Share Capital of the Company is Rs 75 crores divided into 5,00,00,000 Equity Shares of Rs 10/- each and 2,50,00,000 Preference Shares of Rs 10/- each. It is proposed to divide the authorised share capital into 7,50,00,000 Equity Shares of Rs 10/- each. All preference shares were redeemed and no preference share capital currently exists.

The Board of Directors of the Company at its meeting held on 25th April, 2003 has recommend a bonus issue of shares in the ratio of one share for every share held by the existing shareholders. The approval of the shareholders for the issue of bonus shares is sought for in item no. 11 of this Notice.

These items in the Agenda of this Notice is, therefore, given to enable, the Board to issue and allot bonus shares without going in for further increase in Authorised Share capital of the Company.

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.

ITEM No. 11

The present issued and subscribed capital of the Company is Rs 35,61,03,380/- divided into 3,56,10,338 equity shares of Rs 10/- each.

The Board of Directors of the Company ("the Board") considers it desirable that in the interest of the Company, the Issued Capital should more appropriately be brought into line with the capital employed by the company in business. The Board therefore recommends that a sum of Rs 35,61,03,380/- being a part of the sum standing to the credit of Capital Redemption Reserve/ Securities Premium Account should be capitalised and applied in paying up in full at par 3,56,10,338 new Equity Shares of Rs 10/- each to be allotted to the Equity Shareholders of the Company who are on the Register of Members on 7 July, 2003 in the proportion of one new Equity Share for every one Equity Share held by such shareholders respectively.

The Resolution is intended to give effect to the proposed capitalisation of the above sum of Rs 35,61,03,380/- being a part of the Capital Redemption Reserve / Securities Premium Account of the Company and issue of bonus shares to the Equity Shareholders of the Company in the manner set out therein and explained herein before.

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent of the shares held by them, by their relatives and by the companies of which they are Directors or members.

Registered Office:
Exide House
59E Chowringhee Road
Kolkata 700 020
Dated: 25 April 2003

By Order of the Board

Barun Das
Divisional Head-Legal &
Company Secretary