



**GOVERNMENT OF INDIA
MINISTRY OF DEFENCE
DEPARTMENT OF DEFENCE PRODUCTION
&
SUPPLIES**

National Award for Indigenisation

The award has been instituted by the Department of Defence Production and Supplies, Ministry of Defence for excellence in indigenisation of hitherto imported items of defence equipment.

HIGH ENERGY BATTERIES (INDIA) LTD., has been awarded the 'FIRST PRIZE' for excellent performance in indigenisation of defence stores in the category of **Electrical & Electronic Engineering** for the year **1998-99**.


(PRABIR SENGUPTA)
Secretary
Defence Production & Supplies

New Delhi
25 Jan 2000

HIGH ENERGY BATTERIES INDIA LTD.



CHAIRMAN	:	SRI S. VISWANATHAN
VICE CHAIRMAN	:	SRI N. GOPALARATNAM
DIRECTORS	:	SRI R. SUBBARAYAN SRI C.R. PATTABHI RAMAN SRI R. VAIDYANATHAN SRI S. PARAMANANDHAN
MANAGING DIRECTOR	:	SRI D. JAYARAMAN
SECRETARY	:	SRI S.V. RAJU
AUDITORS	:	M/s. R. SUBRAMANIAN & CO. Chartered Accountants Chennai
INTERNAL AUDITORS	:	M/s. N.R. SURESH & CO. Chartered Accountants, Chennai.
BANKERS	:	UCO BANK, Trichy CANARA BANK, Trichy INDIAN BANK, Trichy
REGISTERED OFFICE	:	"Esvin House" Perungudi Chennai - 600 096
PLANT	:	Pakkudi Road Mathur 622 515 Pudukkottai District.

26150

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 39th Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at **11.00 A.M. on Thursday, the 27th July, 2000** at Hotel New Woodlands, 72-75 Dr. Radhakrishnan Salai, Mylapore, Chennai - 600 004 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet of the Company as at 31st March 2000 and the Profit and Loss Account for the year ended 31st March, 2000.
2. To declare dividend.
3. To elect Directors :
 - a) To appoint a Director in the place of Sri N. Gopalaratnam who retires by rotation and being eligible, offer himself for re-election.
 - b) To appoint a Director in the place of Sri C.R. Pattabhi Raman who retires by rotation and being eligible, offer himself for re-election.
4. To consider and, if thought fit, to pass the following Resolution as a SPECIAL RESOLUTION with or without modification :

"RESOLVED THAT pursuant to Section 224-A of the Companies Act, 1956, M/s. R. Subramanian & Co., Chartered Accountants, Chennai, the retiring Auditors be and are hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration of Rs.75 000/- exclusive of Service Tax, if any, plus out-of-pocket expenses in connection with the Company's Audit."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following Resolution with or without modification as an ORDINARY RESOLUTION.

"RESOLVED THAT subject to Sections 269, 309, 198 and Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, Sri. D. Jayaraman be and is hereby re-appointed as Managing Director of the Company for further period of three years from 1st April 2000 subject to the approval of Members of the Company in the General Meeting and Financial Institutions/Banks, with substantial powers of management subject to superintendence and control of the Board of Directors and the Memorandum and Articles of Association of the Company, on the following terms and conditions :-



NOTICE TO THE SHAREHOLDERS (Continued)

1. REMUNERATION

- | | |
|----------------------|---|
| a. Salary | Rs. 30,000/- (Rupees thirty thousand only) per month including dearness and all other allowances. |
| b. Commission | Equivalent to one percent of the net profits of the Company subject to a ceiling of an amount equal to the annual salary. |

2. PERQUISITES

Perquisites will be in addition to salary and commission and shall be restricted to an amount equal to the annual salary.

- | | |
|--|--|
| a. House Rent Allowance | 60% of the salary |
| b. Gas, Electricity, Water and Furnishings | The expenditure incurred by the company on gas, electricity, water and furnishing shall be valued as per Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary. |
| c. Medical Reimbursement | Reimbursement of expenses incurred for self and family subject to one month's salary over a period of three years. |
| d. Club Fees | Fees of Clubs subject to a maximum of two clubs. No admission and life membership fees will be paid. |
| e. Personal Accident Insurance | Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 5,000 per annum. |
| f. Contribution to Provident Fund and Superannuation Fund | <p>a) Company's contribution towards Provident Fund as per Rules of the Company.</p> <p>b) Company's contribution towards Superannuation Fund as per Rules of the company. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.</p> |
| g. Gratuity | As per Rules of the Company. |
| h. Leave Salary | As per Rules of the Company. Leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites. |
| i. Use of Car and Telephone | Car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company. |



NOTICE TO THE SHAREHOLDERS (Continued)

MINIMUM REMUNERATION

In the event of loss or inadequacy of profit in any financial year, the Managing Director shall be paid a Special Allowance not exceeding Rs. 2,40,000/- per year in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956. No commission is payable in such an year.

Notes :

1. Net profits for this purpose shall be as per computation under Sections 349 and 350 of the Companies Act, 1956
2. The remuneration package is well within the overall limit prescribed under Schedule XIII to the Companies Act, 1956, which permits our Company to pay a salary not exceeding 5% of the net profits in any year. In the event of loss or inadequacy of profits in any financial year, the salary, perquisites and other allowances shall not exceed Rs. 1,25,000 per month, taking into consideration the "effective capital" of the Company.

NOTES

- A. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and 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.
- B. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, the 18th July, 2000 to Thursday, the 27th July, 2000, both days inclusive.
- C. Members are requested to immediately intimate any change in their respective address registered with the Company.
- D. Dividend, when declared, will be paid to the Members whose names are on the Register of Members as on Thursday, the 27th July, 2000.

Registered Office :
"Esvin House"
Perungudi,
Chennai - 600 096.
2nd June, 2000

(By Order of the Board)
for HIGH ENERGY BATTERIES (INDIA) LIMITED.

S.V. RAJU
Secretary



NOTICE TO THE SHAREHOLDERS (Continued)

EXPLANATORY STATEMENT

(As required under Sec. 173 (2) of the Companies Act, 1956)

ITEM No. 5

The tenure of Sri. D. Jayaraman as Managing Director of the Company expired on 31st March, 2000. Our Company has grown to its present status under his productive and committed leadership, in particular, for in-house research and development. Indeed, our Company won the National Award for the year 1998-99 "for excellence in indigenisation of Defence Equipment". As we have indigenised almost all the battery requirements of Defence, we have to concentrate more on new development and diversification of its activities. With the vast experience of over 30 years in the field of battery, his contribution to the research and technology is a must for further growth of our Company. While Sri. D. Jayaraman would prefer to concentrate his talents and energy to further development of research and technology, his continued and committed leadership as Managing Director of the Company is considered essential for the Company's continued growth. Accordingly, the Board has recommended renewal of his appointment as Managing Director for a further term of 3 years from 1st April, 2000. Considering the emoluments in the industry, it is appropriate and fair to revise his salary to Rs. 30,000/- per moth coupled with eligibility to a commission of 1% on the net profits of the Company subject to a ceiling equal to his annual salary. The other terms and conditions are given in the resolution.

None of the Directors of the Company other than Sri. D. Jayaraman, Managing Director, is interested in this resolution.

Notice under Section 302 of the Companies Act, 1956 had already been sent to all the shareholders of the Company on 20th April 2000.

Registered Office ;
"Esvin House"
Perungudi,
Chennai - 600 096.
2nd June, 2000

(By order of the Board)
for HIGH ENERGY BATTERIES (INDIA) LIMITED,

S.V. RAJU
Secretary



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 39th Annual Report together with the Audited Balance Sheet and the Profit and Loss Account for the year ended 31st March 2000.

OPERATIONS

The sales turnover for the year ended 31st March 2000 was at Rs. 1917.35 lakhs as against Rs.1855.00 lakhs for the previous year. This is higher by Rs. 62.35 lakhs compared to the previous year.

WORKING RESULTS

The working results for the year under review are as shown below :

Particulars	For the year ended	
	1999-2000	1998-1999
	Rs. in Lakhs	
Sales	1917.35	1855.00
GROSS PROFIT before Interest and depreciation	302.99	283.89
Less		
1. Interest	117.32	131.96
2. Depreciation	54.83	43.26
	<u>172.15</u>	<u>175.22</u>
PROFIT BEFORE TAX	130.84	108.67
Provision for Taxation	50.00	40.00
NET PROFIT	<u>80.84</u>	<u>68.67</u>

DIVIDEND

Your Directors recommend a dividend of 35% absorbing a sum of Rs. 31.37 lakhs.

AMOUNT AVAILABLE FOR APPROPRIATION

	Rs. in Lakhs
NET PROFIT for the year	80.84
Add : Surplus from the previous year	<u>29.98</u>
	<u>110.82</u>

**DIRECTORS' REPORT TO THE MEMBERS (Continued)**

Rs. in Lakhs

Your Directors propose the following appropriations :

Transfer to General Reserve including Compulsory transfer to
Reserve required under Sec. 205(2A) of the Companies
Act, 1956

40.00

Proposed Dividend at 35 %

31.37

Provision for Corporate Dividend Tax

6.90

Balance carried forward

32.55

110.82
PERFORMANCE**Silver Zinc Batteries**

Members may recall that in the last year's Directors' Report, we had informed the members that Bulk Production Clearance on our completing the Simulated Sea Trial was obtained for two types of Primary batteries and supplies had commenced. We are glad to inform the members that we have since completed supplies of 46 Nos. of batteries of both the types to the satisfaction of the customers.

Members will be glad to know that we have successfully developed and supplied Silver Chloride Magnesium Batteries to NSTL. Consequently, DDS accorded Bulk Production Clearance for the supply of 19 Nos. of Silver Chloride Magnesium Batteries. We have commenced supply of the same.

We have got orders worth about Rs. 5 Crores as on 01.05.2000 in the Silver Zinc Battery Division and expect to receive repeat orders for the batteries supplied to Navy.

Fibre Technology Nickel Cadmium (FTNC) Batteries

We have achieved a turnover of Rs. 1.94 crores during the period under review and we are having orders worth Rs. 3 crores on hand and expect to receive further orders before the end of this year.

Export Marketing

We exported Silver Zinc Primary batteries worth about Rs. 1.76 crores during the year under review. We expect to receive further orders for the same battery. We are also exploring various avenues to step up export of our batteries to other countries.

FINANCE

During the year we repaid Rs. 49.80 Lakhs to IDBI and Rs. 26 Lakhs to UCO bank towards term loan.

ISO 9001

We are pleased to inform members that two continuous assessment audits were conducted successfully by M/s. Underwriters Laboratories Inc., the accreditation agency.

**DIRECTORS' REPORT TO THE MEMBERS (Continued)****NATIONAL AWARD**

We are extremely happy to inform that your Company was conferred the National Award instituted by the Department of Defence Production and Supplies, Ministry of Defence for excellence in indigenisation of Defence equipment hitherto imported. The Award includes a citation and cash prize of Rs. 50,000 being the recipient of the First Prize in the category of Electrical and Electronic Engineering for the year 1999. The Award was received by our Managing Director on behalf of the Company from the Hon'ble Defence Minister.

RISK DUE TO YEAR 2000 BUG (Y2K)

We have made our computer systems Y2K compliant.

SUBSIDIARIES

The wholly-owned subsidiary of the Company viz. M/s. Energy Investment Limited incurred a loss of Rs. 6.37 Lakhs and M/s. Mathur Investment Company Limited earned after tax profit of Rs. 2.10 Lakhs. M/s. Mathur Investment Company Limited propose to declare a dividend of 10% for the year ended 31st March 2000.

RESEARCH AND DEVELOPMENT

We have successfully developed a cell for secondary version of the complex primary battery supplied to Navy. We have also developed a primary battery for missiles developed by DRDL and the battery is undergoing tests. We have initiated basic research on Nickel Metal Hydride batteries. Your R & D also continues to aid development of new processes to support the production.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information regarding Conservation of Energy and Technology Absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 is annexed and forms part of this Report.

INDUSTRIAL RELATIONS

Information as required by Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Amendment) Act, 1988 is annexed.

Industrial relations continued to be cordial.

DIRECTORS

Sri. D. Jayaraman, Managing Director was re-appointed for a further term of 3 years with effect from 01.04.2000 in the Board Meeting held on 25.03.2000. The terms of his re-appointment had already been circulated to the members on 20th April, 2000, and are coming up for approval in the ensuing Annual General Meeting.