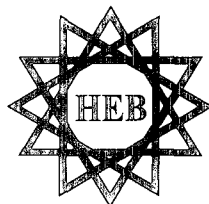


HIGH ENERGY

BATTERIES (INDIA) LIMITED

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Forty Seventh Annual Report

2007 - 2008



CHAIRMAN

Sri. N. GOPALARATNAM

DIRECTORS

Sri. R. VAIDYANATHAN

Sri. A.L. SOMAYAJI

CMDE R.P. PREM KUMAR, VSM, (Retd.)

Smt. D. VIJAYALAKSHMI, Nominee of LIC

MANAGING DIRECTOR

Sri. S. SRIDHARAN

SECRETARY

Sri. S.V. RAJU

AUDITORS

M/s. R. SUBRAMANIAN AND COMPANY, Chennai

INTERNAL AUDITORS

M/s. MAHARAJ N.R. SURESH & CO., Chennai

BANKERS

UCO BANK

CANARA BANK

INDIAN BANK

REGISTERED OFFICE

**"Esvin House", Perungudi,
Chennai - 600 096.**

PLANT

Pakkudi Road, Mathur - 622 515

Pudukkottai District.

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 47th Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 10.30 A.M on Thursday, the July 24, 2008 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 March 31, 2008 and the Profit and Loss Account for the year ended March 31, 2008.
2. To declare a 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 R Vaidyanathan who retires by rotation and being eligible, offer himself for re-election.
4. To consider and, if thought fit, to pass with or without modification the following Resolution as an ORDINARY RESOLUTION
 "RESOLVED THAT pursuant to Section 224 of the Companies Act, 1956, M/s. R Subramanian and Company, 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.1 75 000/- (Rupees One lakh seventy five thousand only) together with 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 with or without modification the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 269, 309, 198 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, approval of the Members of the Company be and is hereby accorded to the re-appointment of Sri S Sridharan as Managing Director of the Company for a period of 3 years from April 1, 2008 and upto March 31, 2011 to exercise substantial powers of Management subject to the supervision and control of the Board of Directors on the terms and conditions set out below;



NOTICE TO THE SHAREHOLDERS

TERMS AND CONDITIONS

1	Period	01.04.2008 to 31.03.2011
2	Remuneration	
	a) Salary	Rs.60,000/- (Rupees Sixty Thousand only) per month including Dearness Allowance 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.
3	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	Rs.10000/- (Rupees Ten Thousand only) per month.
	b) Gas, Electricity, Water and Furnishings.	The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of Rs.5000/- per month.
	c) Medical Reimbursement	Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' 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 fee will be paid.
	e) Personal Accident Insurance.	Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.5000/- (Rupees Five Thousand only) 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.</p> <p>Contribution to Provident Fund and 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 the Rules of the Company
	h) Leave Salary	As per the 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.
4	Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid a Special Allowance of Rs.3,60,000/- per year in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and Special Allowance shall be within the overall ceiling as specified in Section II of Part II of Schedule - XIII of the Companies Act, 1956. No Commission is payable in such year.



NOTICE TO THE SHAREHOLDERS

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to revise the remuneration including commission and perquisites from time to time, within the limits, prescribed in Schedule XIII of the Companies Act, 1956, or any amendment or any statutory modifications thereto.

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

S.V. RAJU
Secretary

Chennai
June 07, 2008

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 Friday, the July 18, 2008 to Thursday, the July 24, 2008, both days inclusive.
- C. Members holding shares in Physical Form are requested to notify promptly any change in their address to the Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Chennai 600 002 by quoting their Membership Number, besides changes, if any, in dividend

mandates given by them. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.

- D. Dividend, if declared, will be paid to members whose names appear on the Register of Members as on July 24, 2008 and in respect of shares held in Electronic Form, to the beneficial owners as per list that will be furnished by National Securities Depository Limited/ Central Depository Services (India) Limited as on July 24, 2008 for this purpose. Members are requested to encash Dividend on time to avoid revalidation.
- E. Members holding shares in Demat form are requested to bring in their depository account number (Client ID Number) for ease of identification and recording of attendance at the meeting.



EXPLANATORY STATEMENT

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

Item No. 5

Sri S. Sridharan, aged 57, is a Mechanical Engineer (B.E. from Regional Engineering College, Tiruchi). Sri S. Sridharan has to his credit nearly 35 years of Industrial experience, majority of which has been spent in HEB and SIMCO. He is largely responsible for the efficient operations of the Company. He was instrumental for development of all primary and secondary silver oxide zinc batteries and the Company received National Award from DRDO for technology absorption in the area of development of indigenous batteries and from NSTL for development of high power and high energy primary and secondary batteries during his present term.

Sri S. Sridharan was first inducted to the Board as Executive Director of the Company with effect from 01.04.2002 and then elevated as Managing Director of the Company for a period of 3 (Three) years with effect from 01.04.2005 at the Board Meeting held on 18.03.2005. He has completed his term as Managing Director on March 31, 2008.

The Company is currently implementing Lead Acid Battery Project, at an estimated cost of Rs. 19 Crores. The erection and commissioning of the Project is expected to be completed during the third quarter of the current financial year. At this crucial juncture, the continued services of Sri S. Sridharan are considered essential for successful completion of the Project and to achieve smooth operations thereafter. It is also essential for the Company to have his continued services for its future growth.

The Board of Directors, at their meeting held on March 22, 2008 re-appointed him as Managing Director of the Company for a term of 3 years from 1st April 2008 on the terms and

conditions set out in the resolution.

The remuneration package is well within the overall limit prescribed under Schedule XIII of the Companies Act, 1956, and the same has been approved by the Remuneration Committee headed by a Non-Executive Chairman and two independent Directors as required under the provisions of the Companies Act, 1956.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration including commission and perquisites from time to time within the limits prescribed in Schedule XIII of the Companies Act, 1956 or any amendment or statutory modifications thereto.

In terms of Part III to the Schedule XIII to the Companies Act, 1956, the appointment and remuneration as above shall be subject to the approval by Members of the Company in General Meeting and accordingly, the subject is placed before the Members for their approval.

A copy of the Board Resolution in this regard is available for inspection by the Members at the Registered Office of the Company during business hours on all working days prior to the date of the meeting.

No director other than Sri S Sridharan is concerned or interested in this item of business.

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

S.V. RAJU
Secretary

Chennai
June 07, 2008



Appointment / reappointment of Directors :

Details of the Directors seeking appointment/reappointment at the 47th Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement with stock exchange).

Name of Director	Date of Birth	Date of First appointment	Expertise in specific functional areas	Qualification	Directorships in other companies (excluding foreign companies)	Committee/ Executive positions held in other companies
REAPPOINTMENT						
Sri N Gopalaratnam	15.04.1947	06.06.1961	Long and varied experience in management of projects, operations and overall management of diverse industries engaged in Pulp, Paper, Sugar and Batteries.	B.Sc., B.E (Mechanical Engg.)	Chairman and Managing Director Seshasayee Paper and Board Ltd Chairman Ponni Sugars (Erode) Ltd. SPB Projects and Consultancy Ltd. Esvi International (Engineers & Exporters) Ltd. Time Square Investments P Ltd.	Chairman Securities Transactions cum Investor Grievance and Finance Committee in Ponni Sugars (Erode) Ltd. Member Share Transfer & Shareholders/ Investors Grievance Committee and Project Committee and Audit Committee in Seshasayee Paper and Boards Ltd. Remuneration Committee in Ponni Sugars (Erode) Ltd.
Sri S Sridharan	14.11.1950	01.04.2002	Varied Experience in management of projects, operations and general management.	B.E		
Sri R Vaidyanathan	13.02.1938	27.09.1961	Land Lord Associated with Seshasayee Group of Companies for more than four decades.	B.Sc	The Mayavaram Financial Chit Corporation Ltd.	



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 47th Annual Report together with the Audited Balance Sheet and the Profit and Loss Account for the year ended 31st March, 2008.

OPERATIONS

The sales for the year ended March 31, 2008 was Rs.1839.05 lakhs (net of Excise Duty and Sales Tax) as against Rs.2236.47 lakhs in the previous year.

As reported last year, delays in processing of tenders continued in the current year also. The Company received bulk of the orders only from December 2007 and some of the orders were in the nature of development cum supply. Hence, qualifications of prototypes and approval by the concerned agencies have to be undertaken before supplies could commence. The Company also lost few orders as the prices quoted by competing firms were far below the normal cost.

In the export front, expected orders were delayed. Hence, your Company could supply only sample batteries for trials. Subsequently, trials were successfully completed and orders have been received during the current year.

Company could hence achieve a turnover of Rs.1839.05 Lakhs only for the year (as against Rs.2236.47 Lakhs in the previous year) out of which a turnover of Rs 978.57 lakhs was achieved during the last quarter of the year.

WORKING RESULTS

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

	(Rs. in lakhs)			
	For the year Ended			
	2007 - 2008		2006 - 2007	
Sales				
(Net of Excise Duty and Sales Tax)		1839.05		2236.47
PROFIT before Interest and depreciation		216.48		298.18
Less:				
1. Interest	103.54		74.45	
2. Depreciation	64.57		75.92	
		168.11		150.37
PROFIT BEFORE TAX		48.37		147.81
Less:				
Provision for Taxation Current (including Wealth Tax & Fringe Benefit Tax)	22.11		71.26	
Deferred	(-) 4.00	18.11	(-) 14.00	57.26
NET PROFIT		30.26		90.55

DIVIDEND

Your Directors recommend a dividend of 25%, absorbing a sum of Rs 22.41 lakhs. As per the provisions of the Income Tax Act, 1961, no tax will be deducted at source on dividend distributed. However, the Company will bear the tax on the dividend distributed, amounting to Rs 3.81 lakhs.

APPROPRIATION

Your Directors propose the following appropriation:

	<i>Rs. in lakhs</i>
NET PROFIT for the year	30.26
Add :	
Surplus from the previous year	41.33
	71.59
Transfer to General Reserve	10.00
Proposed Dividend at 25%	22.41
Provision for Corporate Dividend Tax	3.81
Balance Carried Forward	35.37
	71.59



DIRECTORS' REPORT TO THE MEMBERS (Continued)

PERFORMANCE

SILVER ZINC BATTERIES

Your Company achieved a turnover of Rs.1553 Lakhs during the year under review as against a turnover of Rs.1879 Lakhs achieved in the previous year. Delayed receipt of orders and requirement of conducting trials resulted in lower turnover.

NICKEL CADMIUM BATTERIES

Your Company achieved a turnover of Rs.138 Lakhs during the year under review as against the turnover of Rs. 357 Lakhs in the previous year. Here again, there were delays in placement of orders despite finalisation of rate contracts, as the concerned depots took time to go through the procedural formalities.

FUEL CELL

During the year your Company had supplied 1 kW stacks for a value of nearly Rs.104 Lakhs. The Company continues to receive orders for 1 kW stacks and for higher capacities. Efforts are being made to enhance the fuel cell offtake for different applications.

MAGNESIUM CUPROUS CHLORIDE BATTERIES (Mg-CuCl)

Members may recall the successful development / demonstration of 50 kW CuCl batteries during 2006-07. Company is pleased to inform the members about the successful demonstration of a 250 kW prototype battery for underwater applications during the year under review. Based on the demonstration, your Company has received further enquires which are expected to materialise as orders in 2009-10.

EXPORT

Various efforts undertaken by the Company for securing orders from the export market

were highlighted to the members in the earlier year.

The Company is glad to inform that orders for a value of Rs.6 Crores have been received from one of the Asian countries after successful trial. Further, the Company has also received orders for a value of Rs.3 Crores from an East European Country for exports which are expected to fructify in the coming years.

CURRENT YEAR - 2008-2009

Based on orders on hand, both indigenous and export, together with the orders on the pipe line and enquiries pending, the Company expects to achieve a higher turnover in the year 2008-09 as compared to the previous year.

FINANCE

Your Company secured additional fund based limits to an extent of Rs.100 Lakhs from the consortium Bankers. The term loans obtained during earlier years were re-paid on due dates along with interest. Your Company also obtained an additional inter corporate deposit for Rs.90 Lakhs to tide over the difficult financial position on account of delayed receipt of orders and realisation of bills due to procedural formalities.

ISO 9001:2000 & ISO 14001:2004

The present certification of ISO 9001:2000 is valid upto February 2009 and ISO 14001:2004 upto December 2009.

DIVERSIFICATION PROJECT

Members may recall the diversification plan of the Company to manufacture 2,00,000 units of Lead Acid batteries as reported last year. Various approvals from statutory bodies were obtained during the year. Construction of building has already commenced and is in