



#### **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

**N**otice is hereby given that the 50<sup>th</sup> Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 AM on Saturday, the 16<sup>th</sup> July 2011 at New Woodlands Hotel Pvt. Ltd., 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 31<sup>st</sup> March, 2011 and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011.
2. To elect Directors:
  - a) To appoint a Director in the place of Sri. R. Vaidyanathan, who retires by rotation and being eligible, offers himself for re-election.
  - b) To appoint a Director in the place of Sri. A. L. Somayaji, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. M/s. R. Subramanian and Company, Chennai, the retiring Auditors are eligible for reappointment.

### SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following Resolution with or without modification as SPECIAL 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, 2011 and upto March 31, 2014 to exercise substantial powers of the Management subject to the supervision and control of the Board of Directors on the terms and conditions set out below:-

## NOTICE TO THE SHAREHOLDERS

<b>1</b>	Period	01.04.2011 to 31.03.2014
<b>2</b>	Remuneration	
a.	Salary	Rs.90,000/- (Rupees Ninety 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.
<b>3</b>	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.15,000/- (Rupees Fifteen 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.9,000 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.5,000 (Rupees Five Thousand only) per annum.
f.	Contribution to Provident Fund and Superannuation Fund	<p>a) Company's contribution towards Provident Fund as per the Rules of the Company.</p> <p>b) Company's contribution towards Superannuation Fund as per the 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.
<b>4</b>	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.5,40,000/- 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 VI 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 authorised 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  
May 28, 2011

quoting their Membership Number. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.

- E. Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the Meeting.
- F. Members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.

## 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 poll instead of himself and such proxy need not be a member of the Company.**
- B. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting i.e., 11.00 AM on 14<sup>th</sup> July 2011.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 9<sup>th</sup> July 2011 to Saturday, the 16<sup>th</sup> July 2011 both days inclusive.
- D. 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 - 600002 by

## EXPLANATORY STATEMENT

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

Item No.4:

Sri. S. Sridharan, aged 60, is a Mechanical Engineer (B.E. from Regional Engineering College, Tiruchi). Sri. S. Sridharan has to his credit nearly 38 years of Industrial experience, substantial portion of which has been spent in HEB and SIMCO. He is largely responsible for the efficient operations of the Company. During his present term, Sri. S. Sridharan 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 for development of high power and high energy primary and secondary batteries from NSTL.

HEB has received a contract from an OEM company for development of Sea water Activated Batteries for their new torpedo development. This development project will be completed shortly and HEB is expected to receive sizable orders based on the development. This will lead not only to exports but also pave way for further association with OEM companies. Discussions are in progress for development of various new types of batteries for their projects.

HEB is executing a number of Export Orders and continues to receive further orders based on the delivery and performance.

The Company has successfully commenced Lead Acid Battery facility during the year 2009-10. HEB is also launching various Automobile/VRLA and inverter batteries in the market under stiff competition. The sales are picking up and are expected to reach the targeted levels to make the facility viable.

The Board of Directors, at their meeting held on March 26, 2011 re-appointed him as Managing Director of the Company for a term of 3 years from 1<sup>st</sup> April 2011 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 an independent 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.

**Statement containing required information as per Para (B) of Part II of Section II of Schedule XIII to the Companies Act, 1956**

**I. GENERAL INFORMATION**

**(1) Nature of Industry**

Manufacturer of Aerospace, Naval, Power System Batteries and Lead Acid Storage Batteries.

**(2) Date of commencement of commercial Production**

December 1979

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable

**(4) Financial performance based on given indicators**

(Rs. in lakhs)

Particulars	2010-11	2009-10	2008-09
Net Sales	3416	2744	2417
Profit before interest, Depreciation & Tax	343	170	365
Profit Before Tax	(143)	(274)	159
Profit After Tax	(44)	(181)	97
Dividend (%)	Nil*	Nil	35

\*Recommended by Board

**(5) Export performance and net foreign exchange collections.**

(Rs. in lakhs)

Particulars	2010-11	2009-10	2008-09
FOB value of exports	1947	774	1592
CIF value of imports	1376	692	1413
Expenditure in foreign currency	13	38	27
Net foreign exchange earnings	1934	736	1565

**(6) Foreign investments or collaborators, if any**

Nil

**II. INFORMATION ABOUT THE APPOINTEE**

**(1) Background details**

Sri. S. Sridharan, Managing Director, aged 60, First Class Degree holder in Mechanical Engineering from Regional Engineering College, Trichy. He has contributed much to the growth of the company.

**(2) Past remuneration** (Rs. in lakhs)

Particulars	2010-11	2009-10	2008-09
Salary & Allowances	12.60	12.60	12.60
Perquisites	1.99	1.99	1.99
Commission	-	-	-
Total	14.59	14.59	14.59

**(3) Recognition or awards**

The Company has received National Award for its R&D efforts from the Department of Scientific Industrial Research, Ministry of Science & Technology, New Delhi, in 2004, during his tenure.

**(4) Job profile and his suitability**

Sri. S. Sridharan served in various capacities in HEB like Development Engineer, Manager (Operations), Deputy General Manager, General Manager (Operations), Executive Director. Sri. S. Sridharan was closely associated in development, production and commercialization of Silver Zinc Aircraft batteries way back in 1982-83. He was also associated further in development of Primary Reserve Type batteries for torpedoes and Missiles and Nickel

Cadmium Fibre Technology facility. Many of the batteries developed and manufactured by our Company were under the supervision and guidance of Sri. S. Sridharan.

The Company has successfully established Lead Acid Battery facility during the year 2009-10. With his proven experience and capability, he has the requisite leadership to lead the Company.

(5) Remuneration proposed

As set out in the Explanatory Statement above.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (incase of expatriates the relevant details would be w.r.t. the country of his origin)

Considering the profile of Mr. S. Sridharan and current trend of compensation package in Corporates, the remuneration proposed is moderate.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Sri. S. Sridharan holds 1932 Equity shares in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He has no relationship with any managerial personnel.

### III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits

Spiralling costs of almost all the inputs used in the manufacture of Silver Zinc/ Nickel Cadmium products coupled with extremely competitive prices of the

Company's products had resulted in deep erosion of margins and profitability. The company had to bear the burden of higher interest and financing charges.

(2) Steps taken or proposed to be taken for improvement

The Company has received sizable export orders in the financial year 2011-12 and the export market offers good potential for getting continuous orders. Further, the Lead Acid Battery Plant is getting stabilized and started yielding reasonable earnings. The Company expects to achieve reasonable turnover and return to profitable operations.

(3) Expected increase in productivity and profits in measurable terms

Based on orders on hand both in the indigenous and export markets in the existing divisions and the present trend in the Lead Acid Battery market, the Company expects to achieve a good turnover and profitability.

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

**S.V. RAJU**  
Secretary

Chennai  
May 28, 2011



## Appointment / Reappointment of Directors :

Details on Directors seeking appointment/reappointment are furnished hereunder:-

<i>Name of Director</i>	<i>Date of Birth</i>	<i>Date of First appointment</i>	<i>Expertise in specific functional areas</i>	<i>Qualification</i>	<i>Directorships in other companies (excluding foreign companies)</i>	<i>Committee/ Executive positions held in other companies</i>
<b>REAPPOINTMENT</b>						
Sri. S. Sridharan	14.11.1950	01.04.2002	<i>Varied Experience in management of projects, operations and general management.</i>	<i>B.E.,</i>		
Sri. R. Vaidyanathan	13.02.1938	27.09.1961	<i>Land Lord Associated with Seshasayee Group of Companies for more than five decades.</i>	<i>B.Sc.,</i>	<i>The Mayavaram Financial Chit Corporation Ltd.</i>	
Sri. A. L. Somayaji	27.01.1944	23.02.2002	<i>He is a Senior Advocate, practicing in the Madras High Court and the Supreme Court of India. He is in the Editorial Board of iSupreme Todayî, iCurrent Tamil Nadu casesî, iLabour Law Journalî and iSales tax casesî, He is legal advisor to various companies</i>	<i>Graduate in Commerce, Graduate in Law.</i>	<i>1. Esvi International (Engineers and Exporters ) Limited. 2. Commercial Laws of India Pvt. Ltd.</i>	-

## DIRECTORS' REPORT TO THE MEMBERS

**T**he Directors hereby present their 50<sup>th</sup> Annual Report together with the Balance Sheet and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011.

### OPERATING RESULTS

The Company's financial performance under review is summarised below:

	(Rs. in lakhs)			
	For the year Ended			
	2010 - 2011		2009 - 2010	
Sales (Net of Excise Duty and VAT / Sales Tax)		3415.55		2744.04
PROFIT before Interest, depreciation and tax		343.41		169.66
<b>Less:</b>				
1. Interest	316.71		304.12	
2. Depreciation	169.86	486.57	139.95	444.07
LOSS BEFORE TAX		(143.16)		(274.41)
<b>Less:</b>				
Provision for Taxation Current (including Wealth Tax & Fringe Benefit Tax)	-		0.36	
Deferred Tax	(51.86)		(93.97)	
Excess provision for tax written back	47.11	(98.97)		(93.61)
<b>NET LOSS</b>		(44.19)		(180.80)

The company achieved an overall sales (Net of Excise Duty, VAT and Sales Tax) of Rs. 3415.55 lakhs as compared to Rs. 2744.04 lakhs on year-on-year basis.

Profit Before Interest Depreciation and Tax has not however moved up in tandem with the growth in sales on account of spiralling cost of Silver and increase in bank guarantee commission and processing charges attributable to the increase in the bank borrowings.

Increase in interest charges on account of

additional borrowings for meeting the working capital requirements and full year depreciation on Lead Acid Battery plant as compared to nine months depreciation during the last year have contributed to the increase in interest and depreciation charges.

Nonetheless it is gratifying to note that the Loss Before Tax stood substantially reduced at Rs.143.16 lakhs as compared to Rs.274.41 lakhs and the Loss After Tax at Rs.44.19 lakhs as against Rs.180.80 lakhs on account of write back of excess provision of tax in the earlier years.

### DIVIDEND

As the Company has incurred a loss, the Directors regret their inability to recommend any Dividend for the year under review.

### PERFORMANCE HIGHLIGHTS

#### SILVER ZINC BATTERIES

The Company recorded a turnover of Rs.3098.74 lakhs during this year as against Rs.2274.15 lakhs during the previous year, registering an increase of 36.26%. As mentioned earlier, the sudden spurt in Silver price and unprecedented rise in the cost of other materials and expenses during the year under review have reduced the margins.

#### NICKEL CADMIUM BATTERIES

The turnover was Rs.78.85 lakhs compared to Rs.435.58 lakhs during the last year. Non-availability of main imported raw materials, delay in type approval of aircraft batteries, stiff competition faced in securing orders and major break-down in one of the machines resulted in lower turnover.

#### LEAD ACID BATTERIES

The turnover was Rs.237.95 lakhs compared