

**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

EXECUTIVE DIRECTOR

Dr. G.A. PATHANJALI

SECRETARY

Sri. S.V. RAJU

VICE PRESIDENT (FINANCE)

Sri. T. R. SIVARAMAN

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.

CONTENTS

	Page
Notice of Annual General Meeting	3
Directors' Report	11
Auditors' Report	21
Balance Sheet	24
Profit and Loss Account	25
Notes on Financial Statements	26
Cash Flow Statement	45



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 51st Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M on Saturday, the 4th August 2012 at **Hotel Benzz Park, 62, Thirumalai Pillai Road, T. Nagar, Chennai 600 017**, 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, 2012 and the Profit and Loss Account for the year ended 31st March, 2012.
2. To elect Directors:
 - a) To appoint a Director in the place of Sri N Gopalaratnam, who retires by rotation and being eligible, offers himself for re-election.
 - b) To appoint a Director in the place of Cmde. R P Premkumar 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, as per Article 146 (B) of the Articles of Association of the Company and subject to such approvals as may be necessary, approval of the Members of the Company be and is hereby accorded to the appointment of Dr. G A Pathanjali as a Whole time Director designated as Executive Director of the Company from May 30, 2012 to March 31, 2015 on the terms and conditions set out below:-

NOTICE TO THE SHAREHOLDERS

1	Period	30.05.2012 to 31.03.2015
2	Remuneration	
	a. Salary	₹ 80,000/- (Rupees Eighty 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	₹ 12,000/- (Rupees Twelve 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, subject to a ceiling of 10% of the salary .
	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 ₹ 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.
4	Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid a special allowance of ₹ 5,00,000/- (Rupees Five Lakhs only) 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 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 30, 2012

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 2nd August 2012.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 28th July 2012 to Saturday, the 4th August 2012 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:

The Board of Directors co-opted Dr. G A Pathanjali as an Additional Director in the Board with effect from 30th May 2012 under Section 260 of the Companies Act,1956 and then appointed him as Whole Time Director, designating as Executive Director.

Dr. G A Pathanjali, aged 52 is a Chemical Engineer from Annamalai University and did his M Tech(Chemical Engineering) from IIT Kanpur. Dr Pathanjali received his Doctorate in the year 1995 from IIT Mumbai for his successful thesis “Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol-Air Fuel Cell”. He was inducted in the R&D wing of our Company in 1983. He completed his first assignment successfully in establishing the Nickel Cadmium process.

He took over R&D when the present Managing Director, Sri S Sridharan moved to Main Plant as Head Operations. During his tenure as Head (R&D), he has guided number of development activities which had been productionised. He has also initiated the development of Silver Chloride Magnesium Sea Water Activated Batteries for A 244S torpedo and AET batteries to NSTL. He was promoted as Head Operations after the elevation of Sri S Sridharan as Executive Director. He is looking after Production, Maintenance, Procurement, Administration, R&D etc successfully since 2002. Even during difficult period of stiff competition, he could successfully steer several programmes such as Cuprous Chloride Magnesium Battery, Fuel Cells and batteries for BrahMos.

He has played a key role in the Lead Acid Battery Plant in establishing the manufacturing

process and in the selection of suitable Machinery. He has also established QA & QC system. He interacts with customers on day to day basis and ensuring continual improvement. He is a skillful negotiator with customers and his equation with employees and the executives is good. He is sincere and hard working.

Dr. G A Pathanjali has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as Director, if appointed.

The remuneration of Dr. G A Pathanjali has been approved by the Remuneration Committee of the Board of Directors and the terms of appointment are subject to the approval by resolution of the shareholders in a General Meeting in terms of Part III of the Schedule XIII.

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

A copy of the Board Resolution in this regard is available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day.

No Director other than Dr. G A Pathanjali 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
(₹ in lakhs)

Particulars	2011-12	2010-11	2009-10
Net Sales	5532	3416	2744
Profit before interest, Depreciation & Tax	709	343	170
Profit Before Tax	55	(143)	(274)
Profit After Tax	39	(44)	(181)
Dividend (%)	Nil*	Nil	Nil

*Recommended by Board

- (5) Export performance and net foreign exchange collections.
(₹ in lakhs)

Particulars	2011-12	2010-11	2009-10
FOB value of exports	2766	1947	774
CIF value of imports	1793	1376	692
Expenditure in foreign currency	21	13	38
Net foreign exchange earnings	2745	1934	736

- (6) Foreign investments or collaborators, if any

Nil

II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details
Dr G A Pathanjali aged 52 is a Chemical Engineer from Annamalai University and did his Post Graduation M.Tech (Chemical Engineering) from Indian Institute of Technology (IIT), Kanpur. He has obtained Doctorate in "Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol-Air Fuel Cell" in the year 1995, from Indian Institute of Technology (IIT), Mumbai.
- (2) Past remuneration
Not Applicable
- (3) Recognition or awards
The company received National Awards for its R&D efforts from Department of Scientific Industrial Research, Ministry of Science & Technology, New Delhi and many other appreciations for development of batteries for missiles. Dr. G.A. Pathanjali has contributed major role for the above achievements.
- (4) Job profile and his suitability
Dr. G.A. Pathanjali has served in various capacities from Development Engineer to Vice President and then closely associated with all the development of major products in Silver Zinc and Nickel Cadmium, particularly in productionisation of nickel cadmium batteries for AN32, Mi8, Sukhoi, TU142 aircraft. The development and production of Silver Chloride Magnesium and Cuprous Chloride Batteries are completed during his tenure.

HIGH ENERGY

BATTERIES (INDIA) LIMITED

He was promoted as Vice President (Operations) of the Company, looking after Production, Maintenance, Procurement, R&D, Administration etc., since 2002 and he is carrying forward successfully.

In the Lead Acid Battery Plant, he has played a key role in establishing the manufacturing process, selection of suitable machinery and also QA & QC system. He had been interacting with the customers on day to day basis to get the feed back and established a system for continual improvement.

(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 (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Considering the profile of Dr. G.A. Pathanjali 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.

Dr. G.A. Pathanjali holds 100 Equity shares in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He is not related to any managerial personnel.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits

Spiraling costs of almost all the inputs used in the manufacture of Silver Zinc, Nickel Cadmium and Lead Acid Battery products coupled with ever increasing finance cost, the profit margin of company's product suffered to maximum extent. Further, penetration of market for the new Lead Acid Battery products has to bear fruits for capturing required share in the market.

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

The company has achieved sizable turnover in export for the year 2011-12 and expect further potential to increase export market. For Lead Acid Battery products, the aggressive marketing by opening depots at various places coupled with increased production and cost reduction, the company expects sizable turnover and better profitability.

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

Anticipated increase in turnover in both indigenous and export markets in Main Plant and higher turnover on account of aggressive marketing in the Lead Acid Battery Plant will lead to reasonable profitability.

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

S.V. RAJU
Secretary

Chennai
May 30, 2012



Appointment / Reappointment of Directors :

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

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
APPOINTMENT						
Dr. G.A. Pathanjali	26.07.1959	30.05.2012	Varied experience in Management of projects, operations and General Management in the Battery Industry	B.E. M.Tech., Ph.D	-	-
REAPPOINTMENT						
Sri. N. Gopalaratnam	15.04.1947	06.06.1991	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 Boards Ltd. Chairman Ponni Sugars (Erode) Ltd. SPB Projects and Consultancy Ltd. Esvi International (Engineers & Exporters) Ltd. Time Square Investments Pvt. Ltd. Director SPB Papers Limited	Chairman Securities Transactions cum Investor Grievance Committee and Finance Committee in Ponni Sugars (Erode) Ltd. Member Share Transfer & Shareholders/ Investors Grievance Committee in Seshasayee Paper and Boards Ltd. Remuneration Committee and Project Committee in Ponni Sugars (Erode) Ltd.

HIGH ENERGY

BATTERIES (INDIA) LIMITED

Appointment / Reappointment of Directors :

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

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
CMDR.P. Premkumar, VSM (Retd.)	12-01-1945	08-08-2002	<p>He has coordinated various classified projects and R&D programmes at the national level.</p> <p>He dealt with day-today operations of surface ship aircrafts and submarines.</p> <p>He was responsible in establishing Quality Assurance system in strategic weapon manufacturing.</p> <p>He represented government in various committees for negotiation, execution of Naval Weapons.</p> <p>Awarded the Vishisht Seva Medal by the President of India.</p>	Graduate in Science. Naval Technical Staff Course (Equivalent to M.Tech.)	-	-