

**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.

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 52nd Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M on Thursday, the 25th July 2013 at **New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Road, 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, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013.
2. To declare dividend
3. 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.
4. 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.

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

S.V. RAJU
Secretary

Chennai
May 30, 2013

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 23rd July 2013.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 20th July 2013 to Thursday, the 25th July 2013 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 quoting their Membership Number. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.
- E. Dividend, if declared, will be paid to the Members whose names appear on the Register of Members as on 25th July 2013 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 25th July 2013 for this purpose. Members are requested to encash Dividend on time to avoid expiry / revalidation.
- F. Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the Meeting.
- G. 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.

Reappointment of Directors :

Details on Directors seeking 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
Sri. R. Vaidyanathan	13.02.1938	27.09.1961	Land Lord Associated with Seshasayee Group of Companies for more than five decades.	B.Sc.,	The Mayavaram Financial Chit Corporation Ltd.	-
Sri A L Somayaji	27.01.1944	23.03.2002	Senior Advocate, practicing in the Madras High Court and the Supreme Court of India. He is in the Editorial Board of "Supreme Today", "Current Tamil Nadu cases", "Labour Law Journal" and "Sales tax cases". He is legal advisor to various companies. Presently he is Advocate General, Government of Tamilnadu.	Graduate in Commerce, Graduate in Law.	1. Esvi International (Engineers and Exporters) Limited. 2. Commercial Laws of India Pvt. Ltd.	-



DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their 52nd Annual Report together with the Balance Sheet and the Statement of Profit and Loss for the year ended 31st March, 2013.

OPERATING RESULTS

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

	(₹ in lakhs)			
	For the year Ended			
	2012 - 2013		2011 - 2012	
Sales (Net of Excise Duty and VAT / Sales Tax)		6650.96		5532.27
PROFIT before Finance Costs, depreciation and tax		653.33		708.70
Less:				
1. Finance Costs	441.24		489.05	
2. Depreciation	160.98	602.22	165.02	654.07
PROFIT BEFORE TAX		51.11		54.63
Less:				
Provision for Taxation				
Current Tax	-		-	
Deferred Tax	14.51		15.52	
		14.51		15.52
NET PROFIT		36.60		39.11

The company achieved an overall sales (Net of Excise Duty, VAT and Sales Tax) of ₹ 6650.96 lakhs as compared to ₹ 5532.27 lakhs on year-on-year basis.

However, low capacity utilisation in the Lead Acid Battery Division coupled with unremunerative prices had impacted the profitability of the company resulting in the Profit Before Tax coming down to ₹ 51.11 lakhs.

DIVIDEND

Your Directors recommend a Dividend of 10%, absorbing a sum of ₹ 20.98 lakhs (including Corporate Dividend Tax).

PERFORMANCE HIGHLIGHTS

SILVER ZINC BATTERIES

The Company registered a record sales of ₹ 5223.20 lakhs during this year as against ₹ 4543.92 lakhs during the previous year, registering an increase of 15% .

NICKEL CADMIUM BATTERIES

Owing to inadequate margin prevalent throughout the year, sales had to be restricted to ₹ 20.60 lakhs only as compared to ₹ 31.38 lakhs last year.

LEAD ACID BATTERIES

Though the sales were higher at ₹ 1407.16 lakhs as compared to ₹ 956.97 lakhs last year, low capacity utilisation, steep increase in costs (both materials and labour) and unremunerative prices resulted in substantial loss in this division.

The Company is taking all out efforts for improving the overall performance of this division by improving quality, reducing costs and through better market penetration.

EXPORT

During the year the company achieved a sales of ₹ 3124.70 lakhs compared to ₹ 2766.05 lakhs in the last year registering an increase of 13%. The Company is in dialogue with Original Equipment Manufacturers (OEMs) for securing further orders. During the year, the company has received Certificate of Recognition as Export House from Ministry of Commerce and Industry, Government of India. This is valid for a period of 5 years, up to March 2017.

DIRECTORS' REPORT TO THE MEMBERS (Continued)

OUT LOOK - 2013-14

With the Orders on hand at ₹ 3700 Lakhs for the Aerospace, Naval and Power System Batteries Segment, and the efforts taken for securing further orders during the current year both in the Domestic and Overseas markets, the company expects to better its sales during the current year as well. The company is working closely with Original Equipment Manufacturers (OEMs) for improving its overall financial and operational performance.

With a view to contain the losses, steps have been initiated for maximizing capacity utilisation of the Lead Acid Battery Plant and for augmenting the quality standards. Also it is proposed to introduce higher range products for Commercial Vehicles (CVs) applications and newer varieties for catering to Electric Vehicles (EVs), solar and other upcoming segments for enhancing our presence in the market place.

FINANCE

During the year, the company received timely advances from the customers. However, due to delay in collection of the dues from the customers of the Lead Acid Battery Division, cash flow constraints continued and the company had to resort to further borrowings. With the reduction in interest rate and effective control of costs, the company hopes to tide over cash crunch during the current year.

ISO SYSTEMS

The company continues to be certified both under ISO 9001:2008 and ISO 14001:2004 (Revised) Systems, Certification of LAB segment is under way.

RESEARCH AND DEVELOPMENT

Development of battery for heavy weight torpedo for NSTL was completed. The sea trials are yet to take place and further orders

are expected by next year. The company also received new developmental orders for missile programmes of DRDO which will enter into production phase in coming years. Your company has completed the Qualification of Batteries for Brahmos missile and commenced regular supplies.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors in terms of Section 217(2AA) of the Companies Act, 1956 confirm that:

- (i) all applicable accounting standards have been followed in the preparation of the annual accounts.
- (ii) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of 31st March 2013 and of the profit of the Company for year ended that date.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the latest provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a "going concern" basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding Conservation of Energy and Technology Absorption as required under Section 217(1)(e) of the Companies Act,



DIRECTORS' REPORT TO THE MEMBERS (Continued)

1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in Annexure 1 and forms part of this Report.

EMPLOYEES

No employee of the Company was in receipt of remuneration in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2012-13.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial.

DIRECTORS

In accordance with Article 106 of the Articles of Association of the Company, Sri R Vaidyanathan and Sri A. L. Somayaji, Directors retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Though the code of Corporate Governance is not applicable to the Company, utmost importance has been given to good Corporate Governance in all its activities.

A separate note on Corporate Governance is provided in Annexure II

AUDITORS

M/s. R Subramanian & Co., Chartered Accountants, Chennai, Auditors of the company retire at the conclusion of the ensuing 52nd Annual General Meeting of the Company and are eligible for re-appointment.

Necessary Resolution for their appointment under Section 224 of the Companies Act, 1956 is being placed at the ensuing 52nd Annual General Meeting for this purpose.

COST AUDIT

Cost Audit Report for the year would be filed with the Central Government in due course. Mr. S Hariharan, Cost Accountant, was reappointed as Cost Auditor for the Financial year 2013-14.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to

- i) the Defence Services, DRDO Laboratories, ISRO and Ministry of Defence for the whole-hearted support and encouragement received from them for indigenisation efforts on sophisticated high energy batteries;
- ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- iii) the Bankers for extending timely financial support for the continued successful performance of the Company and
- iv) to all the shareholders who have reposed faith in us.

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 30, 2013

**DISCLOSURE IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS)
RULES, 1988.**

A. CONSERVATION OF ENERGY

The Company is not in the list of industries specified in the Schedule.

B. TECHNOLOGY ABSORPTION

**1. Research and Development
(Totally in-house)**

- Development of High Rate Silver Oxide Zinc Batteries for under water propulsion in Primary and Secondary areas.
- Development of space quality High Rate Silver Zinc Cells.
- Development of Primary activated Reserve Type Silver Zinc Batteries for Aero Space applications.
- Development of Nickel Cadmium batteries for communication sets.
- Development of Silver Chloride Magnesium sea water activated Batteries for sonobuoy application.
- Development of Fibre Technology Nickel Cadmium batteries for Rail Road Standby power and UPS applications.
- Development of process for treatment of separator systems.
- Development of Nickel Metal Hydride Batteries.
- Development of Fuel Cell.
- Development of Cuprous Chloride Batteries.
- Development of Automotive & Valve Regulated Lead Acid Batteries.
- Development of Nerve Agent Detector System.
- Development and production of catalyst.

2. Benefits derived as a result of above R & D

1. The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
2. The batteries developed in-house were also exported and thus earned foreign exchange.
3. Upgradation of technology to match the advancement in developed countries.
4. Indigenisation and self reliance in the critical field of batteries for defence.
5. Diversification through commercialisation of Lead Acid batteries.

3. Future Plan of Action

To continue Research and Development in the areas mentioned in Para B1.

4. Expenditure on R & D during the year

	<i>₹ in lakhs</i>
Capital	0.11
Recurring	72.44
Total	72.55

5. Technology Absorption and Adoption

During the year under review, no overseas technology was acquired.

6. Foreign Exchange Earnings and Outgo

a) Earnings	₹ 3124.70 lakhs
b) Outgo	₹ 2307.63 lakhs

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 30, 2013



Annexure II

ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Corporate Governance includes, among other things, apart from compliance with various legal requirements, inculcating a sense of integrity and responsibility in all aspects, not only among the members of the Board of Directors, but amongst the people at all levels of the organization. Only such a culture which results from voluntary compliance at all levels and amongst all ranks of employees, that is built and sustained over a period of time, can result in compliance that is true to the spirit of law, and not just its letter.

Furthermore, such a corporate governance culture will help in constantly reminding the

management that they are, but only, trustees of shareholders' capital. Like in any other aspect in the company form of business, the Board is the core of the Corporate Governance philosophy, with the responsibility to ensure that the management serves and protects the best and long term interests of all the stakeholders.

Board of Directors

The Board of Directors consists of 7 Directors, of whom, the Managing Director and the Executive Director are in whole time employment of the Company. All other Directors are Non Executive Directors of the Company.

Number of Board Meetings and Directors' Attendance Record

Name of Director	Date of Initial Appointment	Category	Attendance at Board Meetings during 2012 - 2013		As on 31 st March 2013 (Including HEB)			Attendance at last AGM
			No. of Meet-ings	%	No. of Director -ships	Committee Position		
						As Chairman	As Member	
Sri. N. Gopalaratnam	06-06-1991	Non- Executive Chairman, Promoter	5	100	7	3	3	YES
Sri. S. Sridharan	01-04-2002	Managing Director	5	100	1	-	1	YES
Dr. G.A. Pathanjali	30-05-2012	Executive Director	5	100	1	-	-	YES
Sri. R. Vaidyanathan	27-09-1961	Promoter	5	100	2	-	1	YES
Sri. A.L. Somayaji	23-03- 2002	Independent	4	80	3	1	-	NO
Commodore R.P. Prem Kumar (Retd.)	08-06-2002	Independent	5	100	1	-	1	YES
Smt. D. Vijayalakshmi	23-03-2007	Nominee of Life Insurance Corporation of India - Independent	5	100	1	-	1	YES

Board Meetings

During the year 2012-13, 5 Board Meetings were held on 30.05.2012, 04.08.2012, 10.11.2012, 23.01.2013 and 23.03.2013. The last Annual General Meeting was held on 04.08.2012.

Audit Committee

The code of Corporate Governance is not applicable to our Company. Hence, the Company has not constituted any Audit Committee. The Board and the Managing Director deal directly with the Statutory and Internal Auditors and take appropriate decisions.

Shareholders / Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted on 30-07-2001, immediately upon inclusion/amendment to Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, subdivisions and consolidations of securities complying with SEBI Regulations and Listing requirements and redressal of Investors' grievances. Further, to ensure speedy processing of regular securities transactions pertaining to small Investors, the Board has delegated powers to the Managing Director and the Secretary.

The Committee comprises of 3 Directors. The Chairman of the Committee is a Non-Executive Director. The Committee met 5 times during the previous year on 30.05.2012, 04.08.2012, 10.11.2012, 23.01.2013 and 23.03.2013.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	5	100
Sri. S. Sridharan	Member	5	100
Sri. R. Vaidyanathan	Member	5	100

Remuneration Committee

The Remuneration Committee comprises of 3 Non-Executive and Independent Directors. The Remuneration Committee is vested with all the necessary powers and authority to ensure that remuneration of whole-time Director(s) is within the limits prescribed under Schedule XIII to the Companies Act, 1956. The Committee met 1 time during the period under review on 30th May 2012. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. A L Somayaji	Chairman	1	100
Cmdr. R P Prem Kumar	Member	1	100
Smt. D Vijayalakshmi	Member	1	100

Committee Minutes

The minutes of the Committee meetings are prepared by the Secretary, approved by the Chairman of the Meeting and the same are circulated to the Board in the succeeding meeting and recorded thereat.

Remuneration of Directors

Non Executive Directors are paid sitting fee at ₹ 3000/- per meeting of Board and Committee Meetings. The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee for attending the Board/Committee Meetings are as under:-