

24TH ANNUAL REPORT 1996-97

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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Setting
quality
standards
in the Dry cell
battery
industry.



RWTUV

Indo National Limited

Technology from
National Panasonic - Japan

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INDO NATIONAL LIMITED

NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of Indo National Limited, will be held at Sindoori Hotel, No.24 Grems Lane, Grems Road, Chennai - 600 006, on Friday, August 29, 1997 at 10.15 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Directors' Report, Audited Balance Sheet of the Company as at March 31, 1997 and the Profit and Loss Account for the year ended that date together with the report of the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Mr. H. Uchida, who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable Provisions of the Companies Act 1956, and who, being eligible offers himself for reappointment.
4. To appoint a Director in the place of Mr. K. Sakakibara, who retires by rotation under Article 147 of the Articles of Association of the Company and as per applicable Provisions of the Companies Act 1956, and who, being eligible offers himself for reappointment.
5. To appoint Auditors in the place of retiring Auditors and fix their remuneration.

By Order of the Board of Directors

P. OBUL REDDY

Chairman and Managing Director

REGISTERED OFFICE :
35, Nungambakkam High Road
IV Floor, Nungambakkam
Chennai - 600 034

June 20, 1997.

NOTES

1. Every member entitled to attend and vote may appoint a proxy to attend and vote on his behalf and the proxy need not be a member.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from August 19, 1997 to August 29, 1997 both days inclusive.
3. The Dividend, when declared will be paid on or before October 8, 1997 to those members whose names stand in the Register of Members as on August 29, 1997.
4. Members are requested to notify change of address immediately for the purpose of mailing dividend warrants.
5. An amount of Rs. 36,158/- remaining unclaimed out of the Dividend for the year 1992-93 (declared on September 28, 1993) was transferred to the General Reserve Account of the Central Government on November 11, 1996.



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INDO NATIONAL LIMITED

BOARD OF DIRECTORS

P.Obul Reddy

Chairman and Managing Director

K. Ishimoto

Joint Managing Director

S.R. Jiwarajka

Joint Managing Director

H. Uchida

Wholetime Director

T. Yumikura

K. Sakakibara

V.R. Gupte (ICICI Nominee)

SECRETARY

***S. Venkataraman**

AUDITORS

P. Srinivasan & Co.

Chartered Accountants

21, North Crescent Road

T. Nagar

Chennai - 600 017

BANKERS

Indian Bank

The Bank of Tokyo - Mitsubishi, Ltd.

Canara Bank

State Bank of Travancore

SOLICITORS

Matubhai Jamietram

Lentin Chambers

Dalal Street, Fort

Mumbai - 400 001

REGISTERED AND ADMINISTRATIVE OFFICE

No. 35, Nungambakkam High Road

IV Floor, Nungambakkam

Chennai - 600 034

FACTORIES

Andra Kesari Nagar

Nellore - 524 004

(Andhra Pradesh)

Tada Village, Sulurpet Taluk

Nellore District - 524 401

(Andhra Pradesh)

INDO NATIONAL LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of your Company together with the Audited Balance Sheet as at March 31, 1997, the Profit & Loss Account for the year ended that date and the Auditor's Report thereon.

REVIEW OF PERFORMANCE**Dry Cell Batteries**

The Dry Cell Battery Industry production as a whole had registered satisfactory growth of about 9% for the year 1996-97.

Your Company had achieved production of 451 million pcs. for the year 1996-97 as against 407 million pcs. for the previous year representing an increase of about 11%. The sale had grown by 8% from 411 million pcs. to 442 million pcs. Production constraints resulted in some loss of sale during the peak season period. The turnover for the year 1996-97 had increased from Rs. 168 crores to Rs. 191 crores indicating a growth rate of 14% over the previous year.

Torch Lights

The turnover of Torchlights for the year 1996-97 had increased marginally from Rs. 3.52 crores to Rs. 3.62 crores. During the year, your Company had introduced new torchlight in the mighty model segment using 4 cells of size R-20(UM-1U). The performance so far has been satisfactory.

Financial Results

The profit before tax for the year under review grew handsomely by about 22% from Rs. 14.35 crores to Rs. 17.47 crores mainly due to higher sales volume, higher sales realisation per unit and other effective cost control and cost reduction measures adopted by your Company.

The financial results are summarised as under :

	(Rs. in lakhs)
Profit before Depreciation	2068.95
Less : Depreciation for the year	322.34
	<u>1746.61</u>
Add : Surplus in P & L - Account brought forward	29.06
Profit available for appropriation	<u>1775.67</u>
Your Directors recommend the following appropriation :	
General Reserve	900.00
Provision for Taxation	710.00
Proposed Dividend (60%)	112.50
Tax on proposed Dividend	11.25
Balance in Profit & Loss Account carried forward	41.92
Total	<u>1775.67</u>

Dividend

Your Directors recommend a dividend of 60% for 1996-97 which is not subject to tax as against 60% subject to tax for the previous year. This dividend, if approved, will be paid to those shareholders whose names appear on the Register of Members as on August 29, 1997.

UM-3D Expansion Project

Your Company had successfully completed the expansion project at Tada Factory during March '97 for further increasing the production capacity of UM-3D Metal Clad batteries, by installing a II line which has a production capacity of 150 million pcs. per annum.

Your Company had taken a foreign currency loan of about JPY 283 million (about Rs. 8.5 crores) at an attractive interest rate from The Bank of Tokyo.

Mitsubishi Limited, under External Commercial Borrowings (ECB) guidelines, to meet part of the cost of the expansion project and the balance was met out of internal accruals.

Prospects for the Current Year

The Union Budget for 1997-98 reflected the Central Government's intention to continue with the liberalisation measures of the previous Government by further reducing the Corporate tax from a total of 42% to 35%, and imposing a 10% tax on dividend declared by a Company. Import duty also has been reduced on a number of other items including raw materials for manufacture of Dry Cell Batteries like Acetylene Black and Electrolytic Manganese Di-oxide. Also, the excise duty on Dry Cell Battery has been reduced from 20% to 18%.

However, the price of zinc, the major raw material for the manufacture of Dry Cell Batteries, had increased by about 25% as compared to last year. The Dry Battery Industry is also witnessing severe competitive pressure and all these factors are likely to affect the profitability of your Company. Your management has already started taking various measures to keep the production costs under control and with another normal monsoon predicted for the year 1997, your Company is expected to maintain the performance for the current year. The performance for the first two months of the current year 1997-98 has been satisfactory with the sales having increased by 15% from 66 million pcs. to 76 million pcs.

UM-1P Expansion Project

Your Company is also planning to increase production capacity of UM-1P variety in order to cater to the increased market demand. The entire

INDO NATIONAL LIMITED

cost of the expansion project is likely to be met out of internal accruals and the project is expected to be completed by middle of 1998.

ISO 9001

Your Directors are immensely pleased to inform that your Company had obtained the prestigious ISO 9001 Certification during the year from M/s. TUV CERT Certification Body of Rheinisch-Westfalischer TUV e.v. The Certification refers to the Quality Management System adopted by your Company for design development, production and sales of Dry Cell Batteries.

During the current year, your Company has also initiated the process of getting Certification under ISO 14001, which certifies the adoption of sound Environmental Management Systems and Practices.

Energy Conservation, Technology Absorption, Foreign Exchange, etc.

Details regarding conservation of energy, foreign exchange, technology absorption including R & D efforts (as required under amended Section 217(1) of the Companies Act, 1956) are given separately in Annexure "A" to this Report.

Personnel

Your Directors express their sincere appreciation for the excellent support and co-operation extended by all employees of the Company.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are set out in Annexure "B" to this Report.

Directors

Your Director Mr.H. Uchida, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Your Director Mr.K. Sakakibara, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-election.

Auditors

M/s.P. Srinivasan & Co., Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a certificate from them confirming that this appointment will be within the limits laid down under Section 224 (1B) of the Companies Act, 1956.

Acknowledgement

Your Directors thank the Central and State Governments, Financial Institutions and the Banks for their continued help and support. They also wish to record the appreciation for the guidance and co-operation received from the overseas collaborators M/s. Matsushita Electric Industrial Company Ltd., Japan.

Your Directors also thank the Authorised Wholesalers, Stockists and Retailers for their excellent efforts under difficult conditions and the consumers for their continued patronage of your Company products.

Your Directors are grateful to all the Shareholders for their continued encouragement and support.

For and on behalf of the
Board of Directors

P. OBUL REDDY

Chairman and Managing Director

REGISTERED OFFICE :

35, Nungambakkam High Road,
IV Floor, Nungambakkam,
Chennai - 600 034.

June 20, 1997.