

29th ANNUAL REPORT

2001 - 2002



Indo National Limited

Technology from **National/Panasonic** Japan

INDO NATIONAL LIMITED

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INDO NATIONAL LIMITED

BOARD OF DIRECTORS

Justice S. Natarajan
Chairman

P. Obul Reddy
Managing Director

S. Soematsu
Joint Managing Director

S.R. Jivarajka
Joint Managing Director

M. Abe
Wholetime Director

M. Sato

Y. Yokoe

V.R. Gupte

Dr. Dave A Surendra

SECRETARY

S. Murali Krishna

AUDITORS

P. Srinivasan & Co.

BANKERS

Canara Bank
The Bank of Tokyo - Mitsubishi Ltd.
Indian Bank

SOLICITORS

Matubhai Jamietram
Lentin Chambers
Dalal Street, Fort
Mumbai - 400 001.

REGISTERED AND ADMINISTRATIVE OFFICE

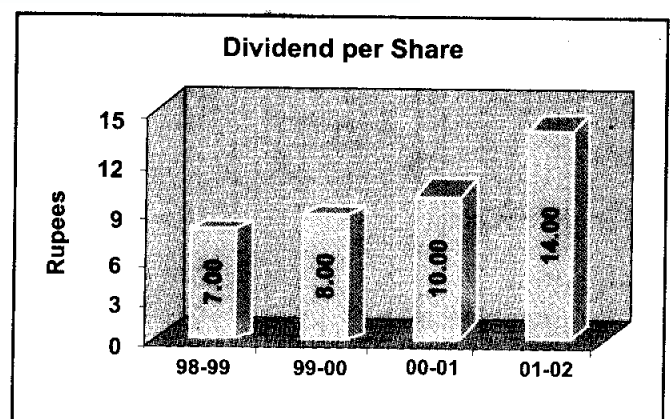
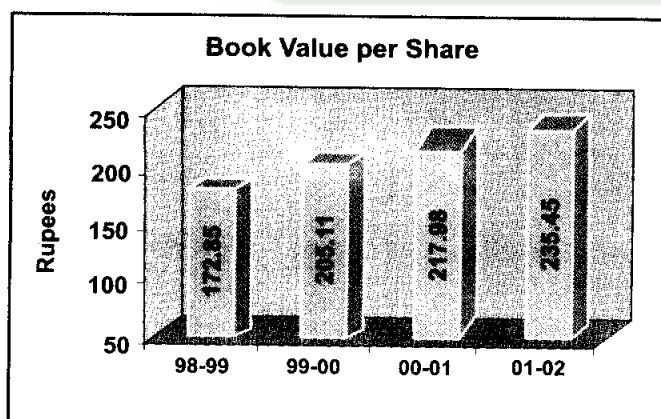
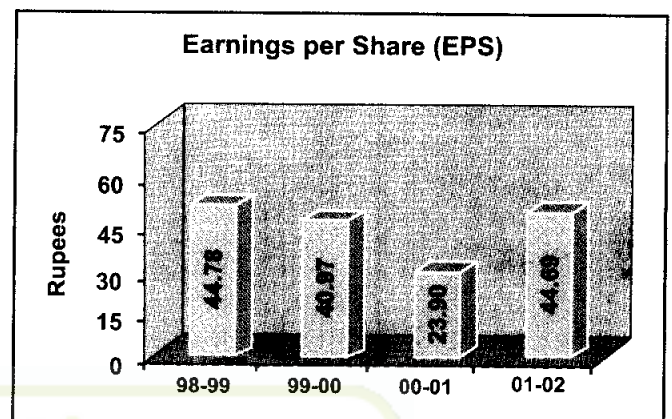
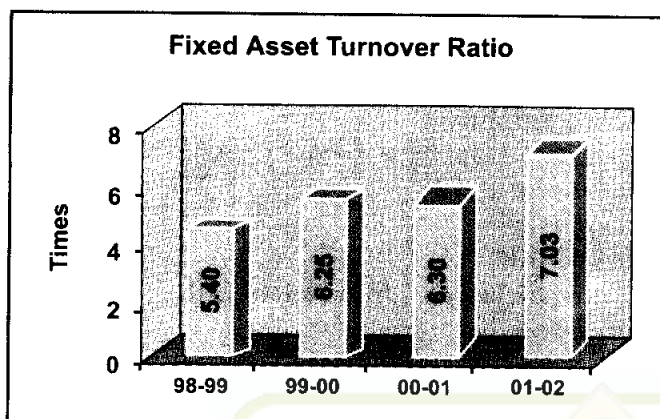
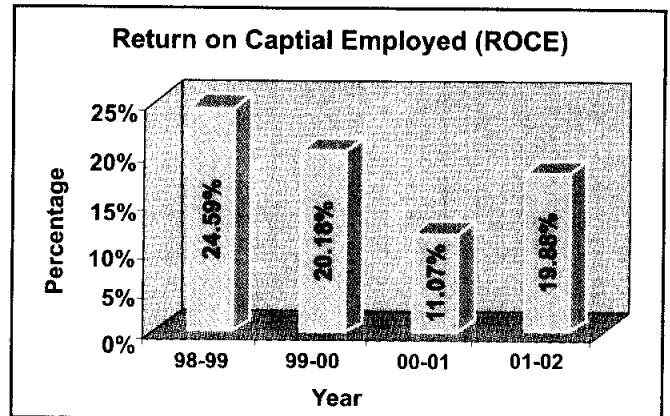
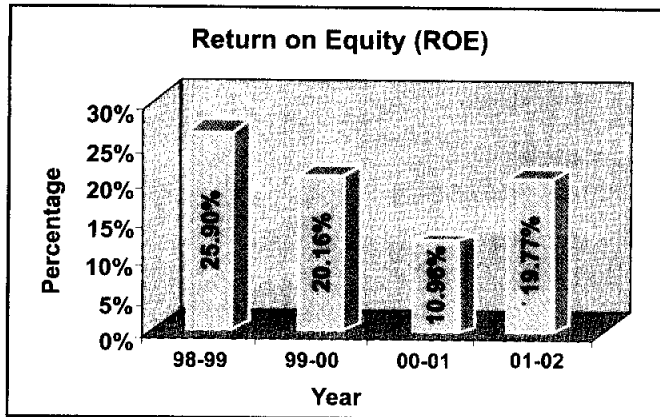
'Pottipati Plaza'
New No.77, Nungambakkam High Road
IV Floor, Nungambakkam
Chennai - 600 034.

FACTORIES

Andhra Kesari Nagar
Nellore - 524 004.
(Andhra Pradesh)

Tada Village
Nellore District - 524 401.
(Andhra Pradesh)

GRAPHICAL PRESENTATION



INDO NATIONAL LIMITED**NOTICE**

NOTICE is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of INDO NATIONAL LIMITED, will be held at THE TULIP ARUNA, No.144-145, Sterling Road, Chennai - 600 034, on Wednesday, the 31st July, 2002 at 10.30 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, 2002 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. M. Sato, 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 M/s. P. Srinivasan & Co., Chartered Accountants, Chennai, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee and Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. S. Soematsu, in respect of whom, the Company has received a notice in writing u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company".

"FURTHER RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 637AA and other applicable provisions of the Companies Act, 1956, if any, and subject to the approval of Central Government, and other appropriate authorities, Mr. S. Soematsu be and is hereby appointed as Joint Managing Director for a period of 3 years with effect from January 31, 2002 on the following remuneration and perquisites subject

to such changes as the Central Government may require which the Board of Directors is hereby authorized to accept, changes not being more favourable to Mr. S. Soematsu.

Salary: Rs.1,20,000/- (Rupees one lakh twenty thousands only) per month.

Commission: 1% of the net profits of the Company

Perquisites:

- a) Rent free furnished accommodation and maintenance thereof. Gas, electricity and water may be provided by the company to be valued as per Income-tax Rules, 1962.
- b) Leave salary: One month's salary for every year of service.
- c) Club Fees: Fees of clubs subject to a maximum of two clubs.
- d) Personal accident insurance premium to be paid in rupees and the policy will be taken out in India.
- e) Leave passage benefits for self and family once in a year to Japan and back in business class or once a year to any place in India including return airfare.
- f) Holiday passage for children studying outside India/ family staying abroad, subject to income tax. To and fro holiday passage once in a year by business class or once in two years by first class to children from place of study abroad to India and to the members of the family from the place of their stay abroad to India if they are not residing in India with the Joint Managing Director.
- g) Freight on his excess, unaccompanied baggage to be borne when payable.
- h) Medical benefits for self and family: Reimbursement of expenses actually incurred including surgical and hospitalization expenses.
- i) Reimbursement of all reasonable expenses made for travel for the business of the company including stay at hotel and other expenses.
- j) Car/free use of car, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- k) Free telephone facility at residence.
- m) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the business of the company."

"FURTHER RESOLVED THAT subject to the approval of the Central Government under sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to

INDO NATIONAL LIMITED

Mr. S. Soematsu, Joint Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office."

"FURTHER RESOLVED THAT necessary follow up action may be taken by the Secretary of the Company to give effect to these resolutions."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Justice S Natarajan, in respect of whom, the Company has received a notice in writing u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company".

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Dr. Dave A Surendra, in respect of whom, the Company has received a notice in writing u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company".

8. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Y. Yokoe, in respect of whom, the Company has received a notice in writing u/s 257 of the Companies Act, 1956, from a member signifying his intention to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company".

9. To consider and if thought fit, to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act, Mr. P. Obul Reddy be and is hereby reappointed as Managing Director with effect from June 1, 2002 to September 30, 2004, on the following terms and conditions be and is hereby approved:

Salary: Rs.2,00,000/- (Rupees Two lakhs only) per month.

Commission: 1% of the net profits of the Company

Perquisites:

- a) Medical Reimbursement: Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- b) Leave Travel Concession: For self and family once a year as per the rules of the Company.
- c) Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.
- d) Personal accident insurance: Annual premium payable by the Company, not exceeding Rs.4,000/-.
- e) Company's contribution towards Provident Fund: Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- f) Company's contribution to Superannuation Fund: Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.
- g) Gratuity: One full month's salary for each completed year of service.
- h) Encashment of leave at the end of tenure as per the rules of the Company.
- i) Car: For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. P. Obul Reddy.
- j) Telephone: Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. P. Obul Reddy."

"FURTHER RESOLVED THAT pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. P. Obul Reddy, Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office."

10. To consider and if thought fit to pass with or without modification, the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act, Mr. S.R. Jiwarajka be and is hereby reappointed as Joint Managing Director with effect from June 1, 2002 to September 30, 2004, on the following terms and conditions be and is hereby approved:

INDO NATIONAL LIMITED

Salary: Rs.2,00,000/- (Rupees Two lakhs only) per month.

Commission: 1% of the net profits of the Company.

Perquisites:

- a) **Medical Reimbursement:** Reimbursement of expenses actually incurred for self and family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
 - b) **Leave Travel Concession:** For self and family once a year as per the rules of the Company.
 - c) **Club Fees:** Fees of clubs subject to a maximum of two clubs, admission and life membership not being allowed.
 - d) **Personal accident insurance:** Annual premium payable by the Company, not exceeding Rs.4,000/-.
 - e) **Company's contribution towards Provident Fund:** Not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
 - f) **Company's contribution to Superannuation Fund:** Not exceeding 15% of the salary as laid down under the Income Tax Rules, 1962.
 - g) **Gratuity:** One full month's salary for each completed year of service.
 - h) **Encashment of leave at the end of tenure** as per the rules of the Company.
 - i) **Car:** For use of Company's business. Use of car for private purposes shall be billed by the Company to Mr. S.R. Jiwarajka.
 - j) **Telephone:** Telephone facility at residence. Personal long distance calls shall be billed by the Company to Mr. S.R. Jiwarajka."
- "FURTHER RESOLVED THAT pursuant to sub-section (4) of Section 198 of the Companies Act, 1956, the above remuneration and perquisites be paid to Mr. S.R. Jiwarajka, Joint Managing Director as minimum remuneration in case of absence or inadequacy of profits in any financial year of the Company during his term of office."

By Order of the Board of Directors

P. OBUL REDDY

Managing Director

REGISTERED OFFICE :

New No.77, Nungambakkam High Road
IV Floor, Nungambakkam
Chennai - 600 034

May 29, 2002

NOTES :

1. Explanatory statement as per the provisions of Section 173(2) of the Companies Act, 1956, in respect of the items of the Special Business as set out above is annexed.
2. A member entitled to attend and vote at this Annual General Meeting (AGM) may appoint a proxy to attend and vote on his behalf. Such a proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered office of the Company not less than FORTY - EIGHT HOURS before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from July 16, 2002 to July 31, 2002, both days inclusive, for the purpose of payment of dividend, when declared at the meeting.
4. The Dividend upon its declaration at the meeting will be paid to those members whose names stand in the Register of Members as on July 31, 2002. The said dividend will be paid on August 5, 2002.
5. Members are requested to note that as per the Finance Act, 2002, tax will be deducted at source on the dividend payable to the shareholders wherever applicable. Resident individual shareholders whose dividend will exceed Rs.1,000/- may submit Form 15G so as to reach the Company on or before July 19, 2002. Please note that it would not be possible for the Company to act upon Form 15G declaration received thereafter.
6. Members holding shares in physical form are requested to notify change of address immediately for the purpose of mailing Dividend Warrants.
7. As already informed the shares of the company have been activated for dematerialisation with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) vide ISIN INE567A01010. Members wishing to dematerialise their shares may approach any Depository Participant (DP).
8. Members who hold shares in demat form are requested to notify any change in their particulars like change in address, bank particulars etc. to their respective Depository Participants immediately.
9. Kindly mention your Folio Number / Client ID / DP ID Number (in case of shares held in demat form) in all your correspondence with the Company / Depository Participant in order to reply to your queries promptly.
10. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended

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on 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. The dividend amounts which remain unclaimed for the year 1995-96 and the subsequent years can be claimed from the Company and pursuant to Section 205A(5) of the Companies Act, 1956, the amounts which remain unpaid or unclaimed for a period of seven years, shall be transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act. It

is hereby notified to the members that once the dividend amount is transferred to the Fund, as per Section 205A(5) of the Act, the same cannot be claimed by the members from the Fund established.

11. Members seeking any information or clarification with regard to the accounts, are requested to write to the Company atleast ten days in advance of the meeting so as to enable the Company to keep the information ready.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE TWENTY NINTH ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO.5

Mr. K. Ishimoto, Joint Managing Director, completed his assignment as on November 24, 2001 in India and had to leave for Indonesia for taking up another assignment. Hence he resigned from the Board effective from November 24, 2001. Mr. S. Soematsu was nominated by the Collaborator M/s. Matsushita Electric Industrial Company Limited, Japan, as successor to Mr. K. Ishimoto in accordance with the Articles of Association of the Company. Mr. S. Soematsu has been associated with our Collaborator, for a period of more than 27 years and has got rich experience in handling overseas assignments. Accordingly, the Board at the meeting held on January 31, 2002, appointed Mr. S. Soematsu as a Director and as Joint Managing Director effective from January 31, 2002 for a period of 3 years on a remuneration as per terms and conditions as given in the resolution under reference subject to the approval of the Central Government and that of the shareholders in this Annual General Meeting. A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- recommending his appointment as a Director. The Board considers that the Company would benefit with his association and recommends this resolution for your approval. The proposed resolution is for obtaining the approval of the shareholders.

Mr. S. Soematsu may be deemed to be interested in the above resolution.

- This explanatory statement with the accompanying notice, should be treated as Memorandum of Interest, required to be sent to Shareholders under Section 302 of the Companies Act, 1956.

ITEM NO.6

Mr. Justice S Natarajan who was appointed as an Additional Director of the Company in terms of Section 260 of the

Companies Act, 1956, on March 29, 2002 vacates his office at this Annual General Meeting. Mr. Justice S Natarajan is a retired judge of Supreme Court of India. He has wide experience in Corporate Management. His knowledge and experience would be of great benefit and value to the Company. A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- recommending his appointment as a Director. The Board considers that the Company would benefit with his association and recommends this resolution for your approval. The proposed resolution is for obtaining the approval of the shareholders.

Mr. Justice S Natarajan may be deemed to be interested in the above resolution.

ITEM NO.7

Dr. Dave A Surendra who was appointed as an Additional Director of the Company in terms of Section 260 of the Companies Act 1956, on March 29, 2002 vacates his office at this Annual General Meeting. Dr. Dave A Surendra was a Chairman of Unit Trust of India, Securities & Exchange Board of India, and was an Executive Director in IDBI. He has wide experience in Corporate Management. His knowledge and experience would be of great benefit and value to the Company. A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- recommending his appointment as a Director. The Board considers that the Company would benefit with his association and recommends this resolution for your approval. The proposed resolution is for obtaining the approval of the shareholders.

Dr. Dave A Surendra may be deemed to be interested in the above resolution.

ITEM NO.8

Mr. Y. Kajikawa, who was nominated by our Collaborator, M/s. Matsushita Electric Industrial Company Limited, Japan, had resigned from the Board with effect from May 29, 2002. Our Collaborator had nominated Mr. Y. Yokoe, in the place

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of Mr. Y. Kajikawa and accordingly Mr. Y. Yokoe was appointed as a Director by the Board with effect from May 29, 2002 and hence holds office only upto the date of this Annual General Meeting. A notice in writing from a member has been received under Section 257 of the Companies Act, 1956, along with a deposit of Rs.500/- recommending his appointment as a Director. Accordingly your Directors recommend that the resolution for the appointment of Mr. Y. Yokoe as a Director be passed.

Mr. Y. Yokoe may be deemed to be interested in the above resolution.

ITEM NO.9

Mr. P. Obul Reddy was reappointed as Managing Director of the Company for a period of 4 years with effect from June 1, 1998 at the Twenty Fifth Annual General Meeting of the Company held on July 31, 1998. The said term of 4 years expires on May 31, 2002. The Company has made excellent progress under the able leadership and guidance of Mr. P. Obul Reddy without whose efforts the Company would not have obtained the No.2 position in the Dry Cell Battery Industry. In view of the severe competitive conditions prevalent in the Dry Cell Battery Industry today and the entry of new players in the market which has put added pressure on the Company for maintaining its present position, the Board considered it necessary to have continued services of Mr. P. Obul Reddy as Managing Director for a further period from June 1, 2002 to September 30, 2004. Accordingly, the Board at its meeting held on May 29, 2002, reappointed him with effect from June 1, 2002 to September 30, 2004, at the remuneration as stipulated in the resolution which is in line with the Schedule XIII to the Companies Act, 1956.

The proposed resolution is for obtaining the approval of the shareholders.

Mr. P. Obul Reddy may be deemed to be interested in the above resolution.

This explanatory statement with the accompanying notice, should be treated as Memorandum of Interest, required to be sent to Shareholders under Section 302 of the Companies Act, 1956.

ITEM NO.10

Mr. S.R. Jiwaraika was reappointed as Joint Managing Director of the Company for a period of 4 years with effect from June 1, 1998 at the Twenty Fifth Annual General Meeting of the Company held on July 31, 1998. The said term of 4 years

expires on May 31, 2002. Mr. S.R. Jiwaraika has rendered valuable service to the progress and growth of our Company and the contributions made by him in making our Company obtain No.2 position in the Dry Cell Battery Industry cannot be over emphasised. In recognition of his services your Board of Directors at the meeting held on May 29, 2002, reappointed him with effect from June 1, 2002 to September 30, 2004, at the remuneration as stipulated in the resolution which is in line with the Schedule XIII to the Companies Act, 1956.

The proposed resolution is for obtaining the approval of the shareholders.

Mr. S.R. Jiwaraika may be deemed to be interested in the above resolution.

This explanatory statement with the accompanying notice, should be treated as Memorandum of Interest, required to be sent to Shareholders under Section 302 of the Companies Act, 1956.

ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:

1. Name	: Mr. S. Soematsu
Age	: 51 years
Qualifications	: Graduated from Kobe University of Commerce
Expertise	: Vast experience in Production, Planning, Cost Control, R&D activities and Technology upgradation functions
Other Directorships	: Nil
2. Name	: Mr. Justice S Natarajan
Age	: 77 years
Qualifications	: B.A., B.L.
Expertise	: Vast experience in Corporate Management and Legal functions
Other Directorships	:

Name of the Company	Position held
Lakshmi Machine Works Ltd.	Director
Indo Matsushita Appliances Co. Ltd.	Director

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3. Name : **Dr. Dave A Surendra**
 Age : 65 years
 Qualifications : M.A., Ph.D.
 Expertise : Vast experience in Corporate Management and Finance functions
 Other Directorships :

Name of the Company	Position held
LIC of India	Director
HDFC	Director
CRISIL	Director
Escorts Ltd	Director
SBI Gilts Ltd	Director
IRCON Ltd	Director
GIIC Ltd	Director
Future Software Ltd	Director
Captech Online Pvt. Ltd	Director
Quantum Financial Services Ltd	Director
Merchant Media Ltd	Director
Phoenix Township Ltd	Director
Centre for Monitoring Indian Economy	Director
Spice Corporation Ltd.	Director

4. Name : **Mr. Y. Yokoe**
 Age : 52 years
 Expertise : Vast experience in Corporate Management
 Other Directorships in Indian Companies :

Name of the Company	Position held
Matsushita Lakhanpal Battery India Ltd	Director
Indo Matsushita Carbon Co. Ltd	Director

5. Name : **Mr. M. Sato**
 Age : 61 years
 Expertise : Vast experience in Corporate Management
 Director of the Company since July 31, 1998
 Other Directorships in Indian Companies :

Name of the Company	Position held
Matsushita Lakhanpal Battery India Ltd	Director
Indo Matsushita Carbon Co. Ltd	Director
Indo Matsushita Appliances Co. Ltd	Director

Matsushita Television & Audio India Ltd	Director
National Panasonic India Pvt. Ltd	Director
Matsushita Air-Conditioning India Pvt. Ltd	Director
Matsushita Washing Machine India Pvt. Ltd	Director

6. Name : **Mr. P. Obul Reddy**
 Age : 76 years
 Expertise : Vast experience in Corporate Management
 Director of the Company since its inception
 Other Directorships :

Name of the Company	Position held
Indo Matsushita Appliances Co. Ltd	Chairman
Thomson Multimedia India Pvt. Ltd.	Chairman
Zodiac Travels Pvt. Ltd.	Chairman
Indo Matsushita Carbon Co. Ltd	Director
Apollo Hospitals & Enterprises Ltd.	Director

7. Name : **Mr. S.R. Jiwaraika**
 Age : 76 years
 Expertise : Vast experience in Corporate Management
 Director of the Company since its inception
 Other Directorships :

Name of the Company	Position held
Indo Matsushita Carbon Co. Ltd	Chairman
Matsushita Television & Audio India Ltd	Chairman
Salora International Ltd.	Chairman
Sab Electronic Devices Ltd.	Chairman
Essjay Ericsson Pvt. Ltd.	Chairman
Ericsson India Pvt. Ltd.	Vice-Chairman

By Order of the Board of Directors

P. OBUL REDDY
 Managing Director

REGISTERED OFFICE :

New No.77, Nungambakkam High Road
 IV Floor, Nungambakkam
 Chennai - 600 034
 May 29, 2002