



31st ANNUAL REPORT

2003-04

YUVRAJ SINGH



NIPPO'S BRAND AMBASSADOR

Indo National Limited

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. Jiwaraika
Joint Managing Director

M. Shiga
Wholetime Director

T. Kawabe

Y. Yokoe

V.R. Gupte

Dr. S.A. Dave

SECRETARY

S. Murali Krishna

AUDITORS

P. Srinivasan & Co.
18, Gopalakrishna Road, T. Nagar
Chennai - 600 017.

BANKERS

Canara Bank
The Bank of Tokyo - Mitsubishi Ltd.

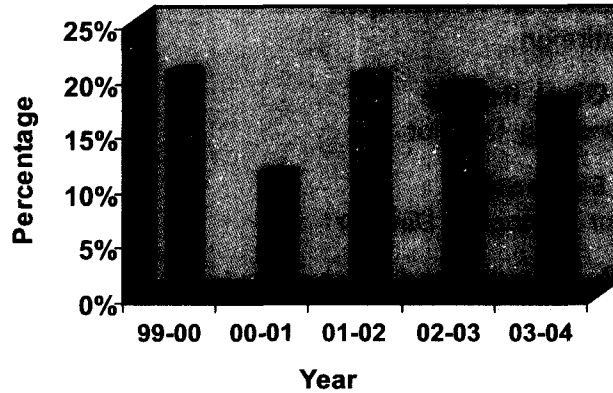
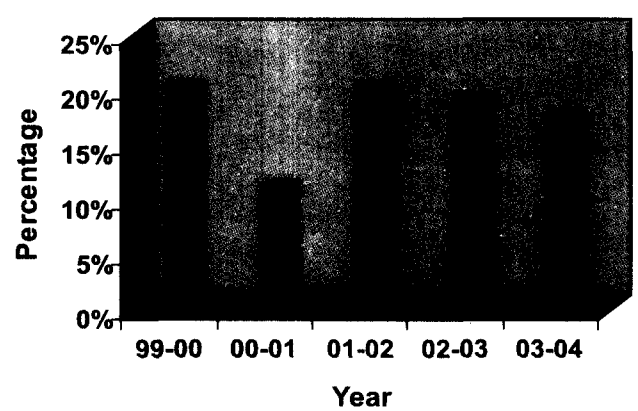
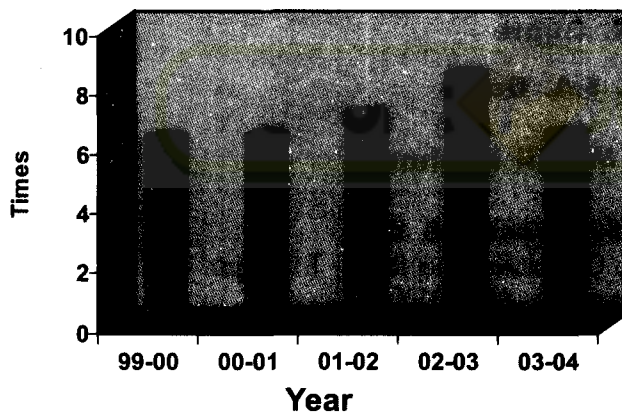
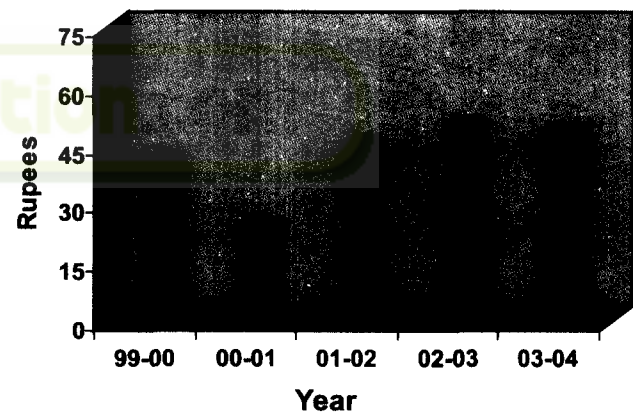
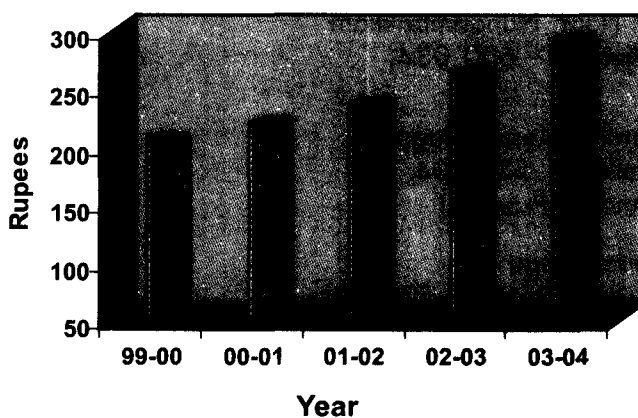
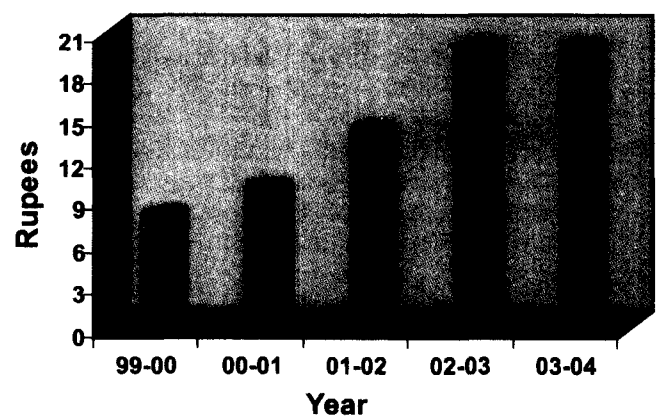
REGISTERED AND ADMINISTRATIVE OFFICE

'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)

INDO NATIONAL LIMITED**GRAPHICAL PRESENTATION****Return on Equity (ROE)****Return on Capital Employed (ROCE)****Fixed Asset Turnover Ratio****Earnings per Share (EPS)****Book Value per Share****Dividend per Share**

INDO NATIONAL LIMITED

NOTICE

NOTICE is hereby given that the THIRTY FIRST ANNUAL GENERAL MEETING of INDO NATIONAL LIMITED, will be held at THE ARUNA CHENNAI, No.144-145, Sterling Road, Chennai - 600 034, on Friday, the 9th July, 2004 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, 2004 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. T. Kawabe, 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 Dr. S.A. Dave, 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 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

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Act and subject to the approval of appropriate authorities, the re-appointment of Mr. M. Abe, as Wholtime Director from November 17, 2003 to March 31, 2004 on a remuneration as detailed below be and is hereby approved:

Salary: Rs.1,10,000/- (Rupees one lakh ten thousands only) per month.

Perquisites:

- a) Rent free furnished residential 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; 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 Wholtime 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.
- l) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the business of the company."

"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. M. Abe, Wholtime 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."

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

"RESOLVED THAT Mr. Masaaki Shiga, 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.

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"FURTHER RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 637AA and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of Central Government and other appropriate authorities, Mr. Masaaki Shiga be and is hereby appointed as Wholetime Director of the Company to look after production and R&D activities at factories for a period of three years with effect from May 14, 2004 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. Masaaki Shiga.

Salary: Rs.1,50,000/- (Rupees one lakh fifty thousands only) per month.

Commission: 0.5% of the net profits of the Company.

Perquisites:

- a) Rent free furnished residential 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 leave with full pay and allowances for every eleven months 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; 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 Wholetime 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.

- l) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the business of the company."

"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. Masaaki Shiga, Wholetime 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."

8. 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, if any, of the Companies Act, 1956, read with Schedule XIII to the Act, Mr. P. Obul Reddy be and is hereby re-appointed as Managing Director with effect from October 1, 2004 to September 30, 2006 on the following terms and conditions be and is hereby approved:

Salary: Rs.4,00,000/- (Rupees Four 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/Annuity 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.

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- 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."

7. 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, if any, of the Companies Act, 1956, read with Schedule XIII to the Act, Mr. S.R. Jiwarajka be and is hereby re-appointed as Joint Managing Director with effect from October 1, 2004 to September 30, 2006 on the following terms and conditions be and is hereby approved:

Salary: Rs.4,00,000/- (Rupees Four 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/Annuity 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
For Indo National Limited

Chennai
14th May, 2004

Justice S. Natarajan
Chairman

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 1st July, 2004 to 9th July, 2004, 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 9th July, 2004. The said dividend will be paid on 14th July, 2004.
5. Members holding shares in physical form are requested to notify change of address immediately for the purpose of mailing Dividend Warrants.
6. 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).

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7. 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.
8. Kindly mention your Folio Number / Client ID / DP ID Number (in case of shares held in demat form) in all your correspondence to the Share Transfer Agents M/s. Cameo Corporate Services Ltd., Subramanian Building, No.1, Club House Road, Chennai – 600 002 / Depository Participant in order to reply to your queries promptly.
9. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.58,023/- remaining unclaimed out of the dividend for the year 1995-96 (declared on September 12,

1996) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on October 23, 2003. The unclaimed dividend, if any, for the year 1996-97 will become transferable to the "Investor Education and Protection Fund" on or before 7th October, 2004. 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.

10. 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 THIRTY FIRST ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

Mr. M. Abe was appointed as Wholetime Director from November 17, 2002 to November 16, 2003 at the Thirtieth Annual General Meeting held on 13th June, 2003. Mr. M. Abe had rendered invaluable services during his tenure as Wholetime Director and the Board had considered it necessary to extend his services for a further period from 17th November, 2003 to 31st March, 2004 at a remuneration as detailed in the resolution subject to the approval of the shareholders in this Annual General Meeting. Mr. M. Abe had completed his assignment on 31st March, 2004 and had left for Japan for taking up another assignment. The proposed resolution is for obtaining the approval of the shareholders.

The memorandum of interest u/s 302 of the Companies Act, 1956 had already been sent to the shareholders on November 5, 2003.

ITEM NO. 7

Mr. M. Abe had completed his assignment on 31st March, 2004 and had left for Japan for taking up another assignment. The Collaborators M/s. Matsushita Battery Industrial Co. Ltd., Japan, have nominated Mr. Masaaki Shiga as the competent personnel to accomplish the duty as successor to Mr. M. Abe.

Mr. Masaaki Shiga came to India on 15th April, 2004 and joined your Company as Senior Technical Advisor from 16th April, 2004. Then based on the recommendation of the Collaborators, at the Board Meeting held on 14th May, 2004, subject to your as well as that of Central Government approval, the Directors appointed him as Director and Wholetime Director

of your Company for a period of three years with effect from 14th May, 2004. His appointment as above and payment of remuneration as detailed in the resolution is now placed before you for consideration and approval. A notice in writing from a Member has been received u/s 257 of the Companies Act, 1956 along with a deposit of Rs.500/- proposing his appointment as a Director.

Mr. Masaaki Shiga 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. 8

Mr. P. Obul Reddy was reappointed as Managing Director of the Company for a period with effect from June 1, 2002 to September 30, 2004 at the Twenty Ninth Annual General Meeting of the Company held on 31st July, 2002. The said term expires on September 30, 2004. 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 October 1, 2004 to September 30, 2006. Accordingly, the Board at its meeting held on May 14, 2004, reappointed him with effect from October 1, 2004 to September 30, 2006, on the same terms and conditions with the existing 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.

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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. 9

Mr. S.R. Jiwarajka was reappointed as Joint Managing Director of the Company for a period with effect from June 1, 2002 to September 30, 2004 at the Twenty Ninth Annual General Meeting of the Company held on 31st July, 2002. The said term expires on September 30, 2004. The Company has made excellent progress under the able leadership and guidance of Mr. S.R. Jiwarajka 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. S.R. Jiwarajka as Joint Managing Director for a further period from October 1, 2004 to September 30, 2006. Accordingly, the Board at its meeting held on May 14, 2004, reappointed him with effect from October 1, 2004 to September 30, 2006, on the same terms and conditions with the existing 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. Jiwarajka 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.

INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED:

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

Mr. T. Kawabe

Mr. T. Kawabe after completing his degree in Mechanical Engineering from Kyushu Institute of Technology in 1968, joined as an Engineer in the Production Engineering Section, Air Conditioner Division of Matsushita Electric Industrial Co. Ltd., Japan, your Collaborators in the same year. Presently he is a Director in the Corporate Management Division for Asia & Oceania and also Managing Director of Asia Matsushita

Electric(s) Pte. Ltd., Singapore. In these 36 years of service he has worked in many divisions of different companies of our Collaborators in various capacities.

Mr. T. Kawabe is the Managing Director of M/s. Asia Matsushita Electric(s) Pte. Ltd., Singapore. He holds Directorship in seven companies in India and forty companies outside India, all promoted with Matsushita Collaboration. He is not a Member in any of the Committees of the Board.

Dr. S.A. Dave

Dr. S.A. Dave is a M.A., Ph.D. He was a Chairman of Unit Trust of India (UTI), Securities & Exchange Board of India (SEBI) and was an Executive Director in IDBI and was a deputy director in the Economics department of Reserve Bank of India.

Presently he is a Director in the Board of HDFC, Escorts Ltd., CRISIL, CMIE, IRCON Ltd., SBI Gilts Ltd., GIC, Spice Net Ltd., Modicorp Global Pvt. Ltd., Quantum Information Services Ltd., Merchant Media Ltd., Future Software Ltd., Phoenix Township Ltd., Shrenji & Co. Ltd. and Discount & Finance House Ltd.

He is also a Member of the Audit Committee and Remuneration Committee of your Company, Chairman of Audit Committee of HDFC, Future Software Ltd. & Spicenet Ltd., Member of Audit Committee of CRISIL & Phoenix Township Ltd., Member of Compensation Committee of CRISIL & Quantum Information Services Ltd. and Member of Investor Grievance Committee of Escorts Ltd.

Mr. M. Abe

Mr. M. Abe is a graduate from Ariake National College of Technology with specialization in Chemistry. He joined our Collaborators M/s. Matsushita Battery Industrial Co. Ltd. (MBI), Japan in the year 1977. He worked in different departments holding various positions before he joined your Company in the year 1998. His work achievement in these 27 years of service included improvement of manufacturing process & production and R&D activities and technology upgradation functions. He does not hold either Directorship or Membership in any of the Committees in any other Company.

Mr. Masaaki Shiga

Mr. Masaaki Shiga is a graduate from Hyogo Prefectural Himeji Technical High School with specialization in Industrial Chemistry. He joined our Collaborators M/s. Matsushita Electric Industrial Co. Ltd. (MEI), Japan in the year 1971. He worked in different departments holding various positions. He was then deputed as Senior Technical Advisor to MEI's Malaysian subsidiary, Matsushita Electric Co. for a period of six years from March, 1998 to January, 2004. Then he returned back to Japan and till joining your Company. Thus he has adequate expertise in the field of manufacturing