

# 32nd Annual Report 2004-05



**NIPPO**  
BATTERIES TORCHES

Indo National Limited

## INDO NATIONAL LIMITED

### CONTENTS

Organisation	.....	2
Notice of Annual General Meeting	.....	3
Directors' Report	.....	7
Annexures to Directors' Report		
A. Conservation of energy, technology absorption, foreign exchange, etc. u/s 217 (1) of the Companies Act, 1956	.....	9
B. Particulars of Employees u/s 217 (2A) of the Companies Act, 1956	.....	10
C. Corporate Governance Report	.....	11
Auditors' Report	.....	18
Balance Sheet	.....	20
Profit and Loss Account	.....	21
Schedules to Accounts	.....	22
Notes on Accounts	.....	26
Financial Highlights	.....	37

## INDO NATIONAL LIMITED

### BOARD OF DIRECTORS

**Justice S. Natarajan**  
Chairman

**P. Obul Reddy**  
Managing Director

**S. Soematsu**  
Joint Managing Director

**S.R. Jiwrajka**  
Joint Managing Director

**M. Shiga**  
Wholetime Director

**T. Konda**

**Y. Yokoe**

**V.R. Gupte**

**Dr. S.A. Dave**

**S. Murali Krishna**

### SECRETARY

### AUDITORS

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

### BANKERS

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

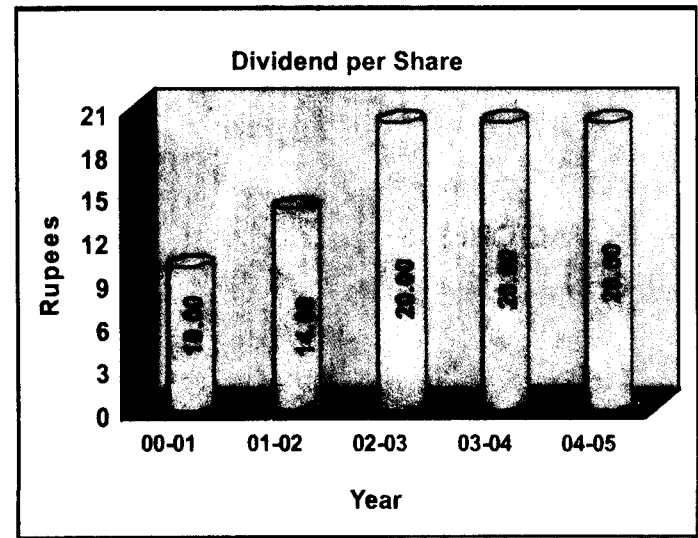
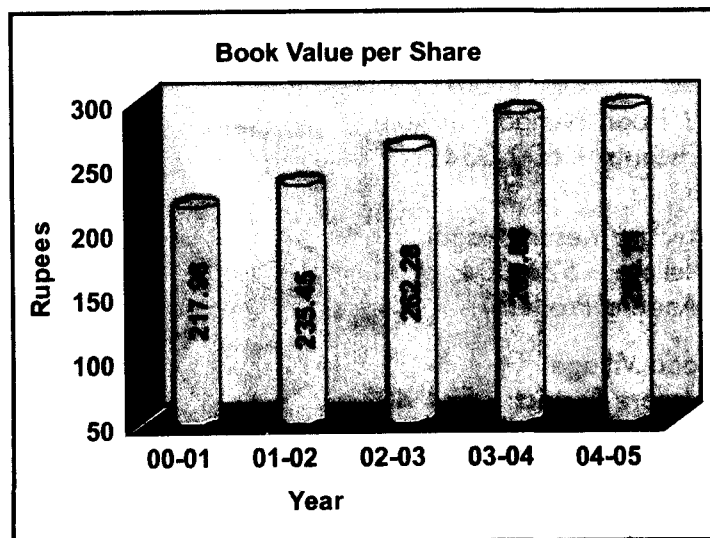
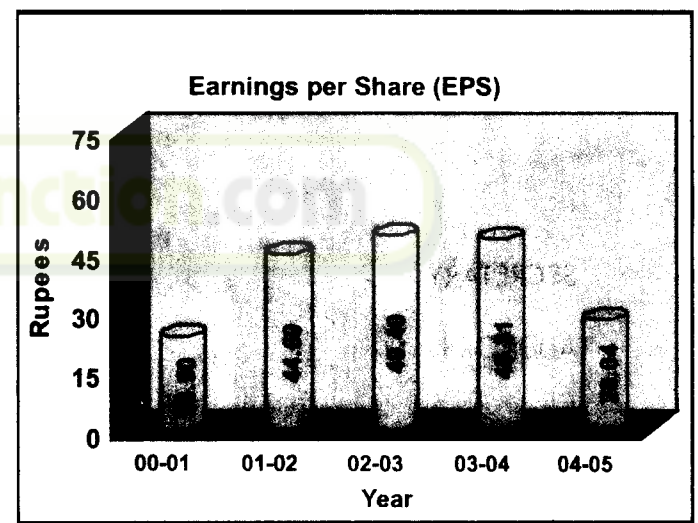
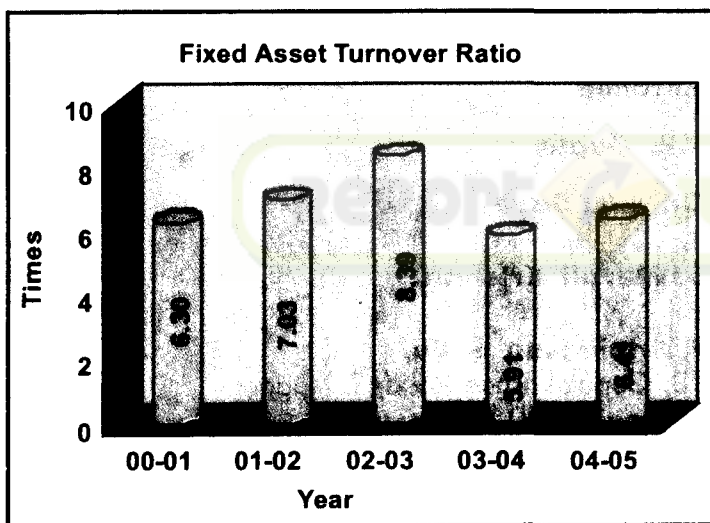
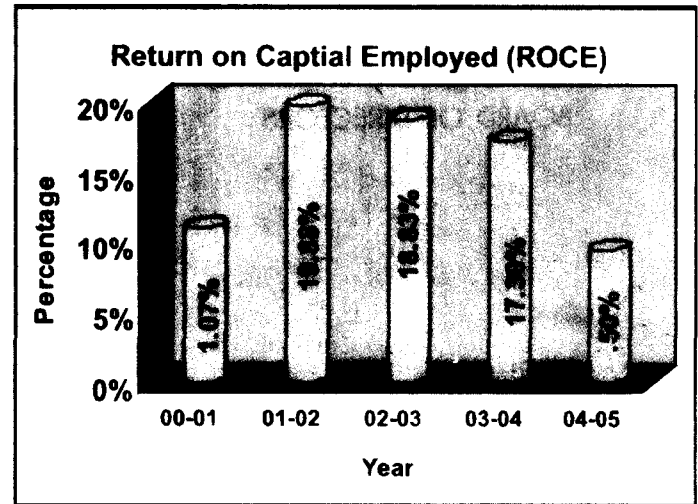
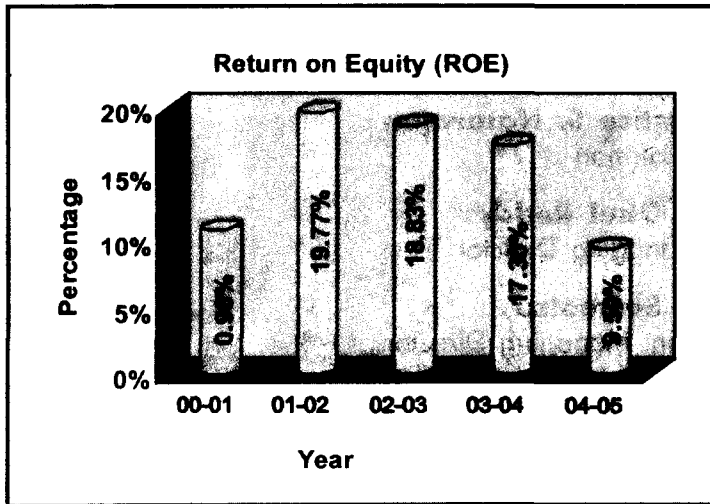
### REGISTERED AND ADMINISTRATIVE OFFICE

Pottipati Plaza  
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**

**INDO NATIONAL LIMITED****NOTICE**

NOTICE is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of INDO NATIONAL LIMITED, will be held at THE ARUNA CHENNAI, No. 144-145, Sterling Road, Chennai - 600 034, on Wednesday, the 15<sup>th</sup> June, 2005 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, 2005 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. Y. Yokoe, 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 Justice Mr. S. Natarajan, 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. S. Soematsu as Joint Managing Director from January 31, 2005 to April 30, 2005 on a remuneration as detailed below be and is hereby approved:

Salary: Rs.2,50,000/- (Rupees two lakh fifty thousands only) per month.

Commission : 1% 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 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 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.
- 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. 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."

**INDO NATIONAL LIMITED**

7. 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. S. Soematsu as Joint Managing Director from May 1, 2005 to September 30, 2006 on a remuneration as detailed below be and is hereby approved:

Salary: Rs.2,50,000/- (Rupees two lakh fifty thousands only) per month.

Commission : 1% 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 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 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.
- 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. 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."

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

"RESOLVED THAT Mr. T. Konda, who was appointed as Director u/s 262 of the Companies Act, 1956, to fill in the casual vacancy on the Board occasioned due to the resignation of Mr. T. Kawabe who ceases to hold office under the provisions of the said section and is eligible for reappointment and 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 liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provision of Section 21 of the Companies Act, 1956, and other applicable provisions, if any, and subject to the approval of other regulatory authorities, the name of the company be and is hereby changed from INDO NATIONAL LIMITED to NIPPO BATTERIES COMPANY LIMITED."

"RESOLVED THAT pursuant to Section 16, 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions, and sanctions as may be necessary from the appropriate authorities or bodies, the Memorandum and Articles of Association of the Company be and is hereby altered in the following manner:

FURTHER RESOLVED THAT the name of INDO NATIONAL LIMITED, wherever it appears in the Memorandum, Articles and other documents, etc. be substituted by the new name NIPPO BATTERIES COMPANY LIMITED in due course.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to make all such acts, deeds and things as are necessary to give effect to the resolution."

By Order of the Board  
For Indo National Limited

Chennai  
27<sup>th</sup> April, 2005

Justice S. Natarajan  
Chairman



**INDO NATIONAL LIMITED****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 June 7, 2005 to June 15, 2005, (both days inclusive).
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 June 15, 2005. The said dividend will be paid on June 20, 2005. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL for this purpose.
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).
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 electronic form) in all your correspondence to the Company or Share Transfer Agents and in the case of electronic form to the Depository Participant in order to reply to your queries promptly.
9. Pursuant to Section 205A of the Companies Act, 1956, an amount of Rs.65,754/- remaining unclaimed out of the dividend for the year 1996-97 (declared on August 29, 1997) was transferred to the Investor Education and Protection Fund established under Section 205C(1) of the Act on October 4, 2004. The unclaimed dividend, if any, for the year 1997-98 will become transferable to the "Investor Education and Protection Fund" on or before 9<sup>th</sup> September, 2005. 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 SECOND ANNUAL GENERAL MEETING OF THE COMPANY AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 6 & 7**

Mr. S. Soematsu was appointed as Joint Managing Director for a period of three years with effect from January 31, 2002 at the Twenty Ninth Annual General Meeting held on 31<sup>st</sup> July, 2002. Mr. S. Soematsu had rendered invaluable services during his tenure as Joint Managing Director and the Board had considered it necessary to extend his services for a further period from 31<sup>st</sup> January, 2005 to 30<sup>th</sup> April, 2005 at a remuneration as detailed in the resolution subject to the approval of the shareholders in this Annual General Meeting. The Board at its meeting

held on April 27, 2005, again reappointed as Joint Managing Director with effect from May 1, 2005 to September 30, 2006 at a remuneration as detailed in the resolution subject to the approval of the shareholders in this Annual General Meeting. The proposed resolution is for obtaining the approval of the shareholders. Mr. S. Soematsu may be deemed to be interested in the above resolution.

**ITEM NO. 8**

Mr. T. Kawabe, who was nominated by our Collaborator, M/s. Matsushita Electric Industrial Co. Ltd., Japan, had resigned from the Board with effect from April 27, 2005. Our Collaborator had nominated Mr. T. Konda, in the place of Mr. T. Kawabe and accordingly Mr. T. Konda was appointed as a Director by the Board with effect from April 27, 2005 and hence holds office only upto the date of this

## INDO NATIONAL LIMITED

Annual General Meeting. 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/- recommending his appointment as a Director. Accordingly, your Directors recommend that the resolution for the appointment of Mr. T. Konda as a Director be passed.

Mr. T. Konda may be deemed to be interested in the above resolution.

### ITEM NO. 9

M/s. Matsushita Electric Industrial Co. Ltd., Japan, had requested us to change the name by using brand name as part of its global strategy for all its subsidiary/associate companies. Hence, the Company will be changing its name in line with brand name "NIPPO" in the style of "NIPPO BATTERIES COMPANY LIMITED". The Company has obtained confirmation from the office of the Registrar of Companies, Tamilnadu, Chennai, that the new name is available for adoption. It is hoped that the change will help in popularizing the brand name.

The proposal requires approval of the shareholders by way of Special Resolution.

The Directors recommend the resolution for adoption and none of the directors is interested or concerned in the resolution.

### 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. Y. Yokoe

Mr. Y. Yokoe is a graduate in Foreign Studies. He has worked in many divisions in different companies of our Collaborators in various capacities. He was also the President of one of their Battery Manufacturing Units in Thailand. He is a Director of your Company since May, 2002. Mr. Y. Yokoe holds Directorship in Indo Matsushita Carbon Co. Ltd. and Matsushita Lakhnapal Battery India Ltd. in India and ten companies outside India,

all promoted with Matsushita Collaboration. He is not a Member in any of the Committees of the Board.

#### Justice Mr. S. Natarajan

Justice Mr. S. Natarajan is a B.A., B.L. He was a retired Supreme Court Judge. He is a Chairman of your Company since March, 2002. Presently he is a Director in the Board of Lakshmi Machine Works Ltd. and Panasonic Home Appliances India Co. Ltd. He is also a Chairman of Remuneration Committee and a Member of Audit Committee of your Company; Chairman of Audit Committee and Share Transfer & Grievances Committee of Panasonic Home Appliances India Co. Ltd. and Chairman of Share Transfer & Investor Grievances Committee of Lakshmi Machine Works Ltd.

#### Mr. S. Soematsu

Mr. S. Soematsu is a graduate in business administration from Kobe University of Commerce. He joined our Collaborators M/s. Matsushita Electric Industrial Co. Ltd. (MEI), Japan in the year 1974. He worked in different departments holding various positions before he joined your Company in the year 2002. He does not hold either Directorship or Membership in any of the Committees in any other Company.

#### Mr. T. Konda

Mr. T. Konda is a Bachelor of Arts from Osaka University of Foreign Studies. After graduating in 1971, he joined your Collaborators M/s. Matsushita Electric Industrial Co. Ltd., Japan in the same year. During his service of more than 30 years with them, he has held many responsible positions including co-ordinator of Corporate Overseas Business Division, Group Manager, Planning group in Corporate Management, General Manager, Vice President and Director. Mr. T. Konda holds Directorship in Panasonic Asia Pacific Pte. Ltd., Singapore, is promoted with Matsushita Collaboration. He is not a Member in any of the Committees of the Board.

By Order of the Board  
For Indo National Limited

Chennai  
27<sup>th</sup> April, 2005

Justice S. Natarajan  
Chairman



**INDO NATIONAL LIMITED****DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Thirty Second Annual Report of your Company together with the Audited Balance Sheet as at March 31, 2005, the Profit & Loss Account for the year ended that date and the Auditors' Report thereon.

**REVIEW OF PERFORMANCE****Dry Cell Batteries**

The Dry Cell Battery Industry production as a whole registered a growth rate of about 13% for the year 2004-05. Your Company's production had also increased from 623 million pieces to 700 million pieces showing an increase of 12%. The sales had also increased from 622 million pieces to 699 million pieces registering a growth rate of 12% over the previous year. In terms of value, your Company had registered a turnover of Rs.297 crores as against Rs.267 crores for the previous year with a growth rate of 11%.

**Torch Lights**

The sales volume of torchlights had also increased from 6.02 lakh pieces to 7.15 lakh pieces indicating a growth rate of about 19%. The turnover had increased by about 8% from Rs.3.28 crores to Rs.3.53 crores.

**FINANCIAL RESULTS**

The profit before tax for the year under review is lower at Rs.15.01 crores as against Rs.25.89 crores in the previous year. The profit had been under pressure, due to increase in input cost of critical raw materials like zinc and severe competition in the market place from the other manufacturers. However, your Directors have taken timely action to control costs, to reduce overhead expenditure and improve the per employee productivity at the plants.

The financial results for the year 2004-05 as compared with the previous year are summarized as under:

	<b>2004-2005</b> <b>(Rs. in crores)</b>	<b>2003-2004</b> <b>(Rs.in crores)</b>
Profit for the year	<b>22.48</b>	32.80
Prior period adjustments etc.	<b>0.02</b>	(0.77)
Profit before depreciation	<b>22.46</b>	33.57
Less: Depreciation for the year	<b>7.45</b>	6.99
Profit after depreciation	<b>15.01</b>	26.58
Less: Provision for tax including		
Deferred tax	<b>4.50</b>	7.77
Profit After Tax	<b>10.51</b>	18.81
Add: Surplus in P&L Account		
brought forward	<b>4.80</b>	4.45
Profit available for appropriation	<b>15.31</b>	23.26

Your Directors recommend the following appropriations:

General Reserve	<b>1.90</b>	10.00
Proposed Dividend (200%)	<b>7.50</b>	(200%)7.50
Tax on proposed dividend	<b>1.05</b>	0.96
Surplus in P&L A/c carried forward	<b>4.86</b>	4.80
Total	<b>15.31</b>	23.26

**DIVIDEND**

Your Directors are happy to recommend a dividend of 200% for the year 2004-05. This Dividend, if approved, will be paid to the Shareholders whose names appear on the Register of Members as on 15<sup>th</sup> June, 2005. The Company intends to pay the dividend on 20<sup>th</sup> June, 2005 itself, instead of waiting for the statutory period of 30 days permitted by the provisions of the Companies Act, 1956.

**STATEMENT PURSUANT TO LISTING AGREEMENT**

The Company's securities are listed at the Stock Exchanges of Mumbai, Chennai, Hyderabad and at the National Stock Exchange. The Company has paid the Annual Listing fee to all the Stock Exchanges.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance along with Auditors' Certificate on its compliance is attached as Annexure "C" to this report.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE, ETC.**

Your Company has always been in the forefront of energy conservation. Several measures to conserve energy and to reduce the costs associated with it have been taken. The details regarding conservation of energy, foreign exchange, technology absorption including R & D efforts (as required under Section 217(1)(e) of the Companies Act, 1956) are given in Annexure "A" to this Report.

**PERSONNEL**

Your Directors wish to place on record their appreciation for the dedication and hard work put in by the employees at all levels for the overall growth of your Company. Relations with the employees at both the Factories and Head office and other Branches were cordial during the year. Your Company has introduced an Early Separation Scheme for the non-management staff at both the factories and the offices and 54 employees have opted the scheme. This will help in reducing manpower cost and improving the productivity and efficiency.

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

## INDO NATIONAL LIMITED

### DIRECTORS

In accordance with the Articles of Association of the Company Mr. Y. Yokoe and Justice Mr. S. Natarajan retire by rotation at this ensuing Annual General Meeting. They being eligible, offer themselves for re-appointment.

Mr. T. Kawabe has resigned from the Board effective from April 27, 2005. Your Directors wish to place on record their appreciation of the services rendered by Mr. T. Kawabe.

Your Collaborator M/s. Matsushita Electric Industrial Co. Ltd., Japan, have nominated Mr. T. Konda in the place of Mr. T. Kawabe and Mr. T. Konda has been appointed as Director on the Board effect from April 27, 2005. Mr. T. Konda vacates office at the ensuing Annual General Meeting

Mr. S. Soematsu whose term expired on January 30, 2005 had been reappointed as Joint Managing Director for the period from January 31, 2005 to April 30, 2005 at the Board Meeting held on January 20, 2005. The Board at its meeting held on April 27, 2005, again reappointed him with effect from May 1, 2005 to September 30, 2006. This is now subject to the approval of the shareholders at the ensuing Annual General Meeting.

### CHANGE OF NAME

Your Directors have recommended, for your approval, vide item No.9 of the Notice of Annual General Meeting, for change in the name of the Company to "NIPPO BATTERIES COMPANY LIMITED".

On approval of the Members and other concerned authorities, if any, the same will be implemented.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors hereby confirm that:

- a) in the preparation of statement of accounts, the applicable Accounting Standards have been followed;
- b) selected such accounting policies and applied them consistently and made judgements 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 on 31<sup>st</sup> March, 2005 and of the Profit of the Company for that period;

- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- d) the annual accounts are prepared on a going concern basis.

### AUDITORS

M/s. P. Srinivasan & Co, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. 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 and the Banks for their continued help and support. Your Directors also wish to record the appreciation for the guidance and co-operation received from the Foreign Collaborator M/s. Matsushita Electric Industrial Company Ltd., Japan.

Your Directors also thank the Authorised Wholesale Dealers, Stockists and Retailers for their excellent support under difficult conditions and the Consumers for their continued patronage of your Company's products. Your Directors are specially thankful to the esteemed Shareholders for their continued encouragement and support.

For and on Behalf of the  
Board of Directors

Chennai  
27<sup>th</sup> April, 2005

Justice S. Natarajan  
Chairman