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Annual Report 2000-2001

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Matsushita Lakhanpal Battery India Ltd.

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Matsushita Lakhanpal Battery India Ltd.

29th ANNUAL REPORT

1st April 2000 to 31st March 2001

BOARD OF DIRECTORS	**Ajai K. Lakhanpal**	**Chairman**
	S. Onishi	**Managing Director (upto 14-5-2001)**
	K. Hokazono	**Managing Director (w.e.f. 15-5-2001)**
	E. B. Desai	
	N. P. Punj	
	P. P. Shah	
	D. J. Thakkar	
	M. M. Sharma	
	S. K. Khurana	
	P. Singhal	
	M. Sato	
	Y. Kajikawa	
Dy. Gen. Manager - Company Secretary	**Ashwin Shah**	
Auditors	**R. M. Chokshi & Company** **Chartered Accountants**	
Solicitors	**Mulla & Mulla and Craigie Blunt & Caroe**	
Bankers	**State Bank of India** **The Bank of Tokyo-Mitsubishi Ltd.**	
R & T Agent - Physical	**Springfield Corporate Services (P) Ltd.** **B-47, Parth Society, Beside Classic Complex,** **Near Akota Garden Char Rasta,** **BPC Road, Akota, Vadodara - 390 020.**	
Demat	**MCS Ltd.** **Neelam Apartment, 88, Sampatrao Colony,** **Behind Federation Building,** **Alkapuri, Vadodara - 390 007.**	
Registered Office	**Makarpura Industrial Area, GIDC,** **Vadodara-390010.**	
Works	**1. Makarpura Industrial Area, GIDC, Vadodara - 390 010.** **2. Plot No. 112, Sector III, Pithampur Industrial Area, Dist. : Dhar (M.P.).**	

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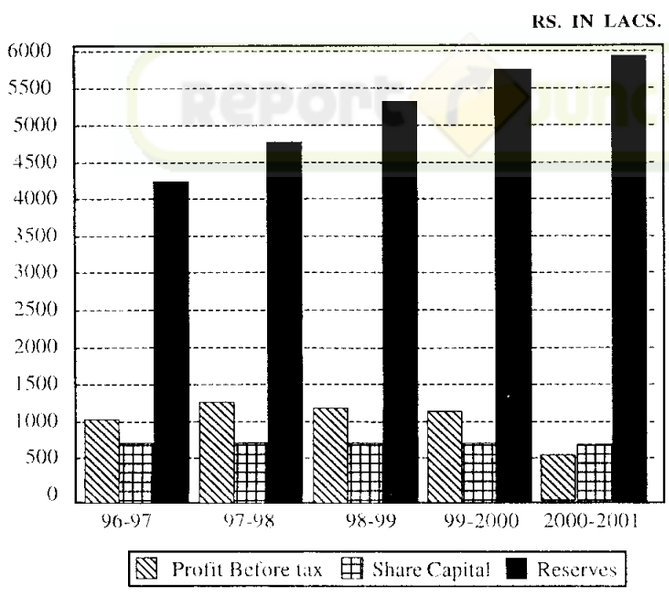
Matsushita Lakhanpal Battery India Ltd.

FINANCIAL HIGHLIGHTS

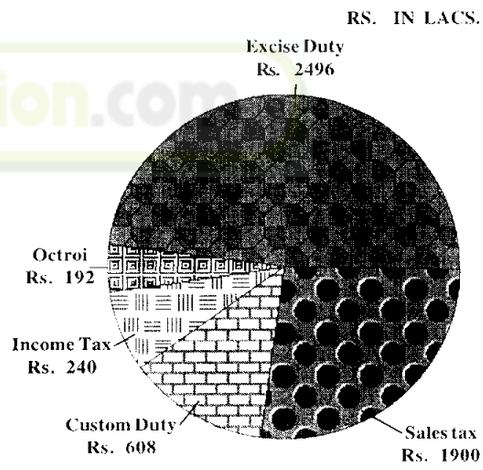
(Rs. in Lacs)

	2000-2001	1999-2000	1998-99	1997-98	1996-97
OPERATING RESULTS:					
Turnover	**1,76,14**	**1,92,97**	**1,82,84**	**1,87,96**	**1,76,22**
Profit before Interest, Depreciation, Depreciation Written back & Tax	11,83	17,23	18,11	18,64	16,62
Profit before tax	**5,39**	**10,99**	**11,26**	**11,72**	**10,50**
Profit after tax	**3,89**	**7,13**	**8,50**	**8,52**	**5,38**
Dividend	1,65	2,91	2,92	3,30	2,89
Retained Earnings	2,24	4,22	5,58	5,22	2,49
FIXED ASSETS:					
Gross	1,03,50	92,90	88,80	84,19	77,88
Net	51,14	47,49	50,08	51,78	51,35
SHAREHOLDERS' FUNDS:					
Share Capital	7,50	7,50	7,50	7,50	7,50
Reserves & Surplus	59,66	57,43	53,11	47,53	42,25
Net Worth	**67,16**	**64,93**	**60,61**	**55,03**	**49,75**
RATIO:					
Sales/Total Assets (No. of Times)	2.31	2.53	2.42	2.46	2.69
Operating Profit/Capital Employed (%)	15.54	22.56	23.95	24.31	24.83
Profit Before Tax/Sales (%)	3.06	5.70	6.16	6.24	5.96
Return on Net Worth (%)	5.79	10.98	14.02	15.48	10.81
Return on Invesment (%)	8.51	16.00	17.47	19.79	19.37
Net Worth per Equity Share (Rs.)	**89.55**	**86.57**	**80.81**	**73.37**	**66.33**
Debt Equity Ratio (On long term loans)	0.11:1	0.14:1	0.17:1	0.22:1	0.30:1
Earning Per Share (Rs.)	5.19	9.51	11.33	11.36	7.17

PROFIT BEFORE TAX, SHARE CAPITAL AND RESERVES



CONTRIBUTION TO EXCHEQUER RS. 5436 LACS



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NOTICE

NOTICE is hereby given that the TWENTY NINTH Annual General Meeting of the members of Matsushita Lakhanpal Battery India Ltd. will be held at Mahatma Gandhi Nagargruh, Near Jubilee Baug, Vadodara - 390 001, on Monday, 16th July, 2001 at 10.30 A.M. to transact, with or without modifications, as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2001, and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors' and the Auditors' thereon.

2. To declare Dividend on Equity Shares for the year ended 31st March, 2001.

3. To appoint a Director in place of Mr. M. Sato, who was appointed by the Board under Section 262 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company as a Director to fill in the casual vacancy on the Board occasioned by the resignation of Mr. K. Sakakibara and who holds office under the provisions of the said Article and the Section only upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. M. Sato as a candidate for the office of Director and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956 Mr. M. Sato be and is hereby elected and appointed a Director of the Company liable to retire by rotation."

4. To appoint a Director in place of Mr. Y. Kajikawa, who was appointed by the Board under Section 262 of the Companies Act, 1956 and Article 133 of the Articles of Association of the Company as a Director to fill in the casual vacancy on the Board occasioned by the resignation of Mr. S. Abe and who holds office under the provisions of the said Article and the Section only upto the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Y. Kajikawa as a candidate for the office of Director and in that behalf to consider and if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the relevant provisions of the Articles of Association of the Company and of the Companies Act, 1956 Mr. Y. Kajikawa be and is hereby elected and appointed a Director of the Company liable to retire by rotation."

5. To appoint a Director in place of Mr. S.K. Khurana who retires from office by rotation and being eligible offers himself for reappointment as a retiring Director and incidental to his appointment as a whole-time Director of the Company to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the relevant provisions of the Articles of Association and of the Companies Act, 1956 including Section 255, Mr. S.K. Khurana be and is hereby appointed a Director of the Company liable to retire by rotation."

6. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

7. To consider, and if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval, if any, of all concerned authorities and subject to all applicable guidelines issued by the Central Government from time to time, the Company hereby approves the appointment of and the terms of remuneration and perquisites payable to Mr. K. Hokazono who has been appointed by the Board of Directors of the Company as the Managing Director of the Company for a period of five years with effect from 15th May, 2001 upon the terms and conditions set out in the Draft Agreement expressed to be made between the Company of the one part and Mr. Hokazono of the other part, submitted to this meeting and initialled by the Chairman for the purpose of identification and hereby approved, with power to the Board of Directors to alter, vary or amend the said terms of appointment, remuneration and perquisites and/or the Agreement as may be suggested by any authority and as may be agreed to between the Board of Directors and Mr. Hokazono.

   RESOLVED FURTHER THAT the Agreement in terms of the draft (with such modifications, if any, made therein as aforesaid) be executed by the Company, affixing its common seal thereto, in accordance with the relevant provisions contained in the Company's Articles of Association."

8. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 314 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereof and subject to the approval of all concerned authorities, if any necessary, and subject to all applicable guidelines issued by the Central Government from time to time, approval of the Company be and is hereby given to the reappointment of Mr. S.K. Khurana as Director - Planning, Projects & Production, for a further period of three years with effect from 1st July, 2001 to 30th June, 2004, on the

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terms as to remuneration and otherwise as set out in the draft agreement expressed to be made between the Company of the one part and Mr. Khurana of the other part, a copy of which draft agreement initialled by the Chairman for the purpose of identification and submitted to this meeting, be and is hereby approved.

RESOLVED FURTHER THAT the Directors be and are hereby authorised to revise the terms of his remuneration and in particular give annual increments in his monthly Salary in such amount as the Board thinks fit, subject to the upper limit of Rs.15,000/- per increment and appropriable increase in perquisites relatable to monthly salary, subject however to the limitations in that behalf as per the said Schedule XIII and as specified in the agreement and as explained in the explanatory Statement in respect of this item of Notice, and also to agree to the modifications, if any, to the above terms as may be suggested by any authority wherever applicable and as agreed to by the Board of Directors and Mr. Khurana and that the Agreement in terms of the draft (with such modifications, if any, made therein as aforesaid) when finalised, be executed by the Company by affixing its Common Seal thereto in accordance with the relevant provisions contained in the Articles of Association of the Company."

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in partial modification of the resolutions passed at the Annual General Meetings of shareholders of the Company held on 5th August, 1996, 4th August, 1997, 24th July, 1999 and 17th July, 2000 for the appointment/reappointment of Mr. Ajai K. Lakhanpal as Chairman & Whole-time Director, Mr. P. Singhal as Director - Finance & Personnel, Mr. S. Onishi as Managing Director and Mr. M.M. Sharma as Director - Materials & Technical respectively, the existing clause relating to "Commission" contained in the respective Agreements with them be deleted and replaced by the following clauses, respectively,

(a) For Mr. Ajai K. Lakhanpal, Chairman & Whole-time Director:

Commission: In addition to the above salary, commission payable to Mr. Lakhanpal shall be any amount subject to the upper limit of 1% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year.

(b) For Mr. P. Singhal, Director - Finance & Personnel:
Commission: In addition to the above salary, commission payable to Mr. Singhal shall be any amount subject to the upper limit of 0.5% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year.

(c) For Mr. S. Onishi, Managing Director:
Commission: In addition to the above salary, commission payable to Mr. Onishi shall be any amount subject to the upper limit of 1% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year.

(d) For Mr. M.M. Sharma, Director - Materials & Technical:
Commission: In addition to the above salary, commission payable to Mr. Sharma shall be any amount subject to the upper limit of 0.5% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year."

By Order of the Board
For Matsushita Lakhanpal Battery India Ltd.
ASHWIN SHAH
Dy.General Manager - Company Secretary

Registered Office:
Makarpura Industrial Area,
GIDC, VADODARA - 390 010.
14th May, 2001.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The proxy in order to be effective should be lodged with the Company at its Registered Office atleast 48 hours before the time of the meeting.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 3 to 5 and 7 to 9 of the accompanying Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 3rd July, 2001 to Monday, 16th July, 2001 (both days inclusive) for the purpose of determining payment of dividend.

4. Dividend on Equity Shares as recommended by the Directors, if declared at this Annual General Meeting, will be paid on or before 14th August, 2001 to those members whose names appear on the Company's Register of Members at the close of business on 16th July, 2001.

5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended on 31st March, 1995 (paid in 1995) have been transferred to the General Revenue Account of the Central Government.

As per Sections 205A and 205C of the amended Companies Act, 1956, the amount of Dividend for the Financial Year 1995-96 and subsequent years remaining unclaimed over a period of seven years from the date they became due for payment, shall be transferred to the "Investor Education and Protection Fund" to be established by the Government of India and that no claim shall lie against the Fund or the Company in respect of the amounts so transferred.

Those shareholders who have so far not claimed their dividend upto the financial year 1994-95 are requested to

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claim the dividend from the Registrar of Companies, Gujarat, by submitting an application in the prescribed form. Such claims for the financial year 1995-96 and subsequent years should be sent to the Company before the expiry of seven years from the date of relevant AGM when the respective amounts became due for payment.

6. Members holding more than one share certificate in the same name or same order of names under different ledger folios, are requested to apply for consolidation of such folios to the Company together with share certificates in order to facilitate better service. The share certificates will be returned after making necessary endorsement in due course.

7. As per the provisions of the amended Companies Act, 1956, the facility for making nominations is now available to the shareholders in respect of the equity shares held by them. Members who desire to avail of this facility may send Form 2B duly filled in and signed to the Company at its Registered Office or to the Registrars and Share Transfer Agents. The facility would be made available folio wise to individual shareholders including joint holders.

8. Equity Shares of the Company have been **activated for dematerialisation with National Securities Depository Ltd. (NSDL), Mumbai and Central Depository Services (India) Ltd. (CDSL) vide "ISIN INE795A01017".** Members wishing to dematerialise their shares may approach any Depository Participant (DP).

9. Members are requested to:
   (a) Notify immediately any change in their residential address.
   (b) Bring their copies of the Annual Reports along with duly filled attendance slip to the meeting.

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.

ANNEXURE TO NOTICE:

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NOS. 3 AND 4

Mr. M. Sato and Mr. Y. Kajikawa were appointed as Directors on the Board to fill in the casual vacancies caused by the resignation of Mr. K. Sakakibara and Mr. S. Abe respectively. Under Article 133 of the Company's Articles of Association and pursuant to Section 262 of the Companies Act, 1956, they hold office only upto the respective dates upto which Mr. Sakakibara and Mr. Abe, in whose place they were appointed, would have held office i.e. upto the date of the ensuing Annual General Meeting. The Company has received Notices in writing from members under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- each signifying their intention to propose the appointments of Mr. Sato and Mr. Kajikawa as Directors of the Company liable to retire by rotation. Mr. Sato and Mr. Kajikawa are representatives on the Board of our Company nominated by Matsushita Battery Industrial Company Limited, our foreign Collaborators. They being intimatedly associated with the Company's Collaborators, their association as Directors is of considerable benefit and advantage to the Company. Accordingly, the Directors recommend the resolutions in these items of the notice for your acceptance. Both Mr. Sato and Mr. Kajikawa are interested in the resolutions pertaining to their respective appointment.

ITEM NO.5

There are in all eleven Directors of the Company at present, out of which, one-third can be non-retiring in view of the provisions contained in Section 255 of the Companies Act, 1956. Since quite a few of the Directors of the Company are whole-time Directors of the Company, appointed for a fixed period of years, to comply with the provisions of Section 255, some of them have to formally retire by rotation at the Annual General Meeting and Mr. Khurana is one of them in whose respect this resolution is being proposed. Mr. Khurana's resolution for reappointment as a whole-time Director is also coming up at this meeting as per one of the items mentioned in the Notice.

ITEM NO.7

In terms of the collaboration Agreement with Matsushita Battery Industrial Company Limited, Japan ("Matsushita"), Mr. S. Onishi was till recently the Managing Director of the Company. On his return to Japan "Matsushita" has recommended the appointment of Mr. K. Hokazono as the Managing Director of the Company with effect from 15th May, 2001.

Mr. Hokazono is a Graduate from Oita National College of Technology, Japan and has worked with the Company's Foreign Collaborators for over 32 years in different capacities including in the field of Machinery Technology, improvement and control and Value Engineering, etc. Since he is not a resident of India the Company has made an application to the Central Government for its approval to the appointment and remuneration payable to Mr. Hokazono, the broad details of which are as follows:

(A) **Salary:** Rs.1,22,500/- (Rupees one lac twenty two thousand five hundred) per month.

(B) **Commission:** In addition to above salary, commission payable to Mr. Hokazono shall be any amount subject to the upper limit of 1% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year.

(C) **Perquisites:**
   (i) In addition to the salary and commission, Mr. Hokazono shall be entitled to perquisites such as accomodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance expenses, together with utilities therefore such as gas, electricity, water, furniture, furnishings, repairs, servants' salaries and property tax; medical expenses for self and family including surgical and hospitalisation expenses, medical/accident insurance, club fees, leave travel concession etc. in accordance with the Rules of the

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Company, if any, or as may be agreed to by the Directors and Mr. Hokazono; the monetary value of such perquisites not to exceed the amount equal to one year's annual salary i.e. Rupees Fourteen lacs seventy thousand per annum. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income-tax Rules, wherever applicable and in the absence of any such Rules, the same shall be evaluated at actual cost.

(ii) Use of Company's car and telephone at residence.

(iii) Mr. Hokazono shall also be eligible for the following perquisites which shall not be included in computation of the ceiling on perquisites specified hereinabove.

(a) Contribution to Provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961;

(b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service;

(c) Leave: One month's leave on full pay and allowances for every eleven months of service. However, no encashment of leave shall be permitted at the end of the tenure.

(d) Children's education allowance: In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- per month per child or actual expenses incurred, whichever is less, such allowance being admissible upto a maximum of two children.

(e) Holiday passage for children studying outside India/ family staying abroad by way of return holiday passage once in a year by economy class or once in two years by business class to children and to the members of the family from the place of their study or stay abroad to India, if they are not residing in India with Mr. Hokazono; and

(f) Leave travel concession: 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.

(g) Passage benefits: Passage both ways to and from India for self and family by air.

(h) Reimbursement of actual expenses incurred in packing, forwarding, loading/unloading as well as freight, insurance, duty, clearing charges, transportation, installation etc. expenses in connection with the moving of the personal effects as well as unaccompanied baggage for self and family.

(i) Reimbursement of entertainment, hotel and other expenses actually and properly incurred for the legitimate business of the Company.

Perquisites at (g) and (h) hereinabove shall be for joining duty in India and also on leaving the employment of the Company.

EXPLANATION: "Family" means the spouse, dependent children and dependent parents of the managerial person.

Minimum Remuneration:
Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Hokazono, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above subject to the restrictions set forth in Section II of Part II of Schedule XIII of the Companies Act, 1956.

Mr. Hokazono shall not be paid any sitting fees for attending the meetings of the Board or any Committee thereof.

Compensation for loss of office:
The Managing Director shall be entitled to compensation for loss of office or for early retirement from the office (except where he himself terminates the Agreement as per his will) in accordance with the provisions of Section 318 of the Companies Act, 1956.

The Board considers that the remuneration including perquisites proposed to be paid to Mr. Hokazono compares favourably with the remuneration paid to personnel in companies of similar size and magnitude in the country and is commensurate with his duties and responsibilities as the Managing Director. The Board accordingly recommends this Resolution for your acceptance.

Inspection:
Draft of the Agreement referred to in the resolution is open for inspection at the Registered Office of the Company between the hours of 3.30 p.m. and 5.30 p.m. on all working days except weekly and other holidays upto and inclusive of the date of this Annual General Meeting or any adjournment thereof.

Memorandum of interest:
Mr. K. Hokazono is interested in this resolution as it relates to his appointment.

Abstract:
The aforesaid Explanatory Statement setting out the terms of appointment of Mr. Hokazono may be treated as an Abstract circulated to the members under Section 302 of the Companies Act, 1956.

ITEM NO.8
At the 24th Annual General Meeting of the Company held on 5th August, 1996, the shareholders had approved the appointment and remuneration payable to Mr. S.K. Khurana as Director - Planning, Projects & Production, for a period of FIVE years w.e.f. 1st July, 1996. The present term of Mr. Khurana expires on 30th June, 2001. Considering his long association with the Company and the resultant experience gained, his continuance on the Board as whole-time Director will be of considerable benefit to the Company. Accordingly, it is proposed to reappoint Mr. Khurana as a Director - Planning, Projects & Production for a further period of three years from 1st July, 2001 to 30th June, 2004.

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The details of remuneration payable to Mr. S.K. Khurana are as follows:

1. **Salary:**
   Rs.47,500/- p.m. (Rupees forty seven thousand five hundred only)

   With liberty to the Board to sanction annual increment in his monthly salary in such amount as the Board thinks fit subject to the upper limit of Rs.15,000/- with appropriate increase in perquisites related to such monthly salary.

2. **Commission:**
   In addition to the above salary, commission payable to Mr. Khurana shall be any amount subject to the upper limit of 0.5% of the net profits of the Company in a particular financial year as may be determined by the Board of Directors every year.

3. **Perquisites:**
   In addition to the salary and commission Mr. Khurana shall be entitled to the following perquisites:

   (a) Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; house maintenance expenses together with utilities therefor such as gas, electricity, water, furnishings, repairs, servant's salary and property tax; medical reimbursement, medical/accident insurance, club fees, leave travel concession etc. in accordance with the rules of the Company or in a manner and to the extent determined by the Board of Directors from time to time provided that the aggregate monetary value of such perquisites will be restricted to a maximum amount of Rs. 5,41,000/- (Rupees Five lac forty one thousand).

   (b) Use of Company's car and telephone at residence.

   (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

   (d) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

   (e) Leave: One month's leave with full pay and allowances for every eleven months of service. No encashment of leave shall be permitted at the end of the tenure.

4. **Minimum Remuneration:**
   Notwithstanding anything hereinabove contained, where in any particular financial year during the tenure of Mr. Khurana the Company has no profits or its profits are inadequate, the Company shall pay by way of minimum remuneration the salary and perquisites as specified above subject to the restriction set forth in Section II of Part II of the amended Schedule XIII of the Companies Act, 1956.

5. Mr. Khurana shall not be paid any sitting fees for attending the meeting of the Board or any committee thereof.

Mr. Khurana is deemed to be interested in this resolution pertaining to his reappointment.

The above Explanatory Statement concerning Mr. Khurana together with the relevant resolution in the accompanying Notice may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Copy of the draft agreement relating to the reappointment of Mr. Khurana is available for inspection by the members of the Company at its Registered Office between 3.30 p.m. to 5.30 p.m. on any working day upto and inclusive of the date of the ensuing Annual General Meeting.

Accordingly the Board recommends the resolution set out in this item of the Notice for your approval.

ITEM NO. 9

Shareholders had resolved at previous Annual General Meetings for the appointment/reappointment of Whole-time Directors of the Company as set out in the resolution in the accompanying notice. It is proposed to amend the clause relating to "Commission" payable to them in order to provide more flexibility to the Board of Directors in determining the amount of such Commission every year depending upon the sales and financial position of the Company.

Mr. Ajai K. Lakhanpal, Mr. P. Singhal, Mr. S. Onishi and Mr. M.M. Sharma are interested in this resolution pertaining to their remuneration.

The above Explanatory Statement concerning Mr. Ajai K. Lakhanpal. Mr. P. Singhal, Mr. S. Onishi and Mr. M.M. Sharma together with the relevant resolution in the accompanying Notice may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

Copy of the draft amendment proposed hereabove is available for inspection by the members of the Company at its Registered Office between 3.30 p.m. to 5.30 p.m. on any working day upto and inclusive of the date of the ensuing Annual General Meeting.

Accordingly the Board recommends the resolution set out in this item of the Notice for your approval.

By Order of the Board
For Matsushita Lakhanpal Battery India Ltd.
ASHWIN SHAH
Dy.General Manager -
Company Secretary

Registered Office:
Makarpura Industrial Area,
GIDC, VADODARA - 390 010.
14th May, 2001.

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED ON 31ST MARCH, 2001
TO THE MEMBERS OF MATSUSHITA LAKHANPAL BATTERY INDIA LTD.

The Directors have pleasure in presenting their Twenty Ninth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2001.

2. FINANCIAL RESULTS:

RUPEES'000s

	As at 31st March, 2001	As at 31st March, 2000
Turnover	**176,13,64**	192,97,50
Operating Profit (before interest, depreciation, depreciation written back, tax & investment allowance)	**11,82,94**	17,23,11
Profit before Tax	**5,39,49**	10,98,92
Less:		
Provision for Taxation	**2,40,00**	3,60,00
Profit after Tax (Current Year)	**2,99,49**	7,38,92
Add/(Less):		
Provision for taxation of earlier Years (Net of refund/Demand)	**89,57**	(25,54)
Leaving a Surplus of	**3,89,06**	7,13,38
Add:		
Profit brought forward from previous year	**4,81**	7,81
Net available surplus for appropriation	**3,93,87**	7,21,19
APPROPRIATIONS		
a) Interim Dividend	—	2,62,50
b) Final Dividend	**1,50,00**	—
c) Corporate Tax on dividend	**15,30**	28,88
d) General Reserve No.1 (Statutory)	**24,00**	75,00
e) General Reserve No.2	**1,96,00**	3,50,00
f) Surplus carried to Balance Sheet	**8,57**	4,81
	3,93,87	7,21,19

3. DIVIDEND:

The Directors recommend declaration of dividend of Rs.2.00 per Equity Share (previous year Rs.3.50 per Equity Share) on 75,00,000 Equity Shares for the year ended 31st March, 2001. The dividend, if approved, will absorb Rs.150 lacs and Rs.15.30 lacs towards tax on such dividend.

4. MANAGEMENT DISCUSSION AND ANALYSIS:

A. Business Overview:

The Company's turnover at Rs.176.14 crores recorded a decrease of about 9% compared to previous year. The Operating Profit for the year (before interest, depreciation, tax and investment allowance) recorded about 31% decline over the previous year. This has been mainly due to adverse market conditions which led to lower demand of batteries. The profit before tax for the year, after absorbing Rs.60 lacs for Voluntary Retirement Scheme was Rs.5.39 crores registering a reduction of about 51% over the previous year.

The Company has fully repaid balance amount of Foreign Currency loans during the year. As of date the Company has no outstanding term loan from any Financial Institution.

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During the year sales quantity of your Company has gone down by about 6% to 394 million pieces due to severe competition in the market. Accordingly production quantity was 386 million pieces which is 9% lower than previous year.

B. Industry Structure and Development:

The total size of Dry Battery Industry in India is about 1900 million pieces in a year. Per Capita consumption of batteries in India is minuscule compared to developed as well as several developing countries. The domestic battery Industry experienced a decline in sales of about 6% during the year under review due to influx of cheap imports of Chinese batteries as against a growth of 13% during the previous year.

The domestic battery market continued to face fierce competition during the year. For the first time the local Dry Battery Industry had to face stiff competition from abnormally cheap, inferior quality Chinese batteries which came in unexpectedly high volumes. To counter this situation in the medium term, your Directors are pleased to inform that with timely actions, the Industry has been successful in pursuading the Central Government to impose anti dumping duty on such cheap imports from China. The liberalised EXIM Policy 2001-2002 announcing complete removal of Quantitative restrictions on imports of Dry Batteries and Flash Light/Torches will have far reaching effects in the existing highly competitive market.

To enhance the market competitiveness and successfully overcome the challenges posed by liberalised EXIM Policy, your Company has undertaken massive cost reduction exercise and wish to vigorously pursue it in the future. During the year under review, your Company has undertaken complete exercise of contemparising the product design and reduction of manufacturing cost through Value Engineering and Productivity enhancement. With timely and appropriate actions in all areas of operations and management, your Directors are confident to build a high performance Company.

C. Research & Development:

In the changed business environment, the R&D efforts have been directed to develop appropriate products and undertake projects improving the competitiveness of your Company. Keeping this in view, efforts are on to absorb technology for manufacturing superior quality ECO friendly no Cadmium added batteries. Your Directors are also pleased to inform that during the year under review, your Company has successfully developed many equipments locally and installed new line to manufacture R-20 type battery resulting into increased installed capacity to 613 million pieces per year. This will provide good amount of leverage in changing product mix in the future.

Pursuant to the applicable Rules read with Section 217(1)(e) of the Companies Act, 1956, details relating to Conservation of Energy, Technology Absorption, Foreign Exchange earning and outgo are given in the Annexure forming part of this Report.

D. Exports:

Your Company emerged as the major exporter of Dry Cell Batteries, Components and Spares registering all time record export earnings of over Rs.11 crores for the year under review. This export was achieved in generally depressed market conditions and intense competitive environment. It will be your Company's constant endeavour to further boost exports and earn valuable foreign exchange for the country.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to an amendment to Section 217 of the Companies Act, 1956, your Directors give hereunder the Directors' Responsibility Statement pertaining to the accounts of the Company:-

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation statement relating to material departures.
2. The Directors have 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 31st March, 2001 and of the Profit & Loss Account of the Company for the year ended on that date.
3. The Directors have taken proper and sufficient care 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 fraud and other irregularities.
4. These accounts have been prepared on a going concern basis.

6. AUDIT COMMITTEE:

Your Directors are pleased to inform that your Board has already constituted Audit Committee.

The following Directors have been appointed as members of the Audit Committee:-

Mr. E.B. Desai
Mr. P.P. Shah
Mr. D.J. Thakkar

All the Directors on the Committee are independent

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