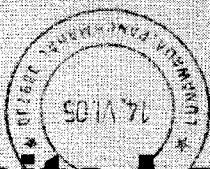
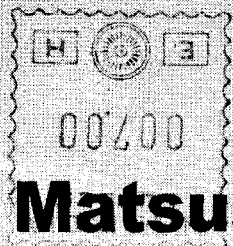


Annual Report 2004-2005

NOVINO

Batteries & Torches



Matsushita Lakhanpal Battery India Ltd.

Matsushita Lakhanpal Battery India Ltd.

33rd ANNUAL REPORT

1st April, 2004 to 31st March, 2005

CONTENTS

Financial Highlights	2
Notice to Members	3-5
Directors' Report	6-9
Corporate Governance	10-15
Auditors' Report	16-17
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules 1 to 14	21-35
Balance Sheet Abstract and Company's General Business Profile	36

BOARD OF DIRECTORS

Ajai K. Lakhanpal
Chairman
K. Hokazono
Managing Director
E. B. Desai
P. P. Shah
D. J. Thakkar
G. N. Punj
S. K. Khurana
P. Singhal
Y. Sato
V. Diddee
T. Kawabe
Y. Yokoe

Auditors
K.C. Mehta & Co.
Chartered Accountants

Solicitors
Mulla & Mulla and Craigie Blunt & Caroe

Bankers
State Bank of India
The Bank of Tokyo-Mitsubishi Ltd.

Registered Office
Makarpura Industrial Area, GIDC,
Vadodara-390 010, Gujarat.

Works

1. Makarpura Industrial Area, GIDC,
Vadodara - 390 010, Gujarat.
2. Plot No. 112, Sector III,
Pithampur Industrial Area,
Dist. : Dhar (M.P.).

Ashwin C. Shah
Dy. Gen. Manager -
Company Secretary

CORE MANAGEMENT TEAM

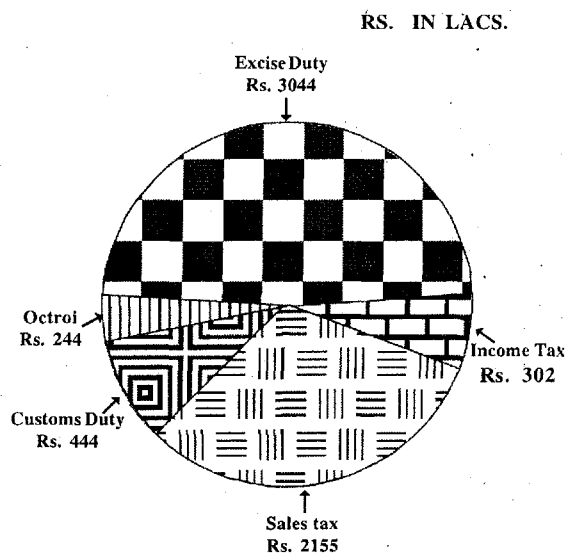
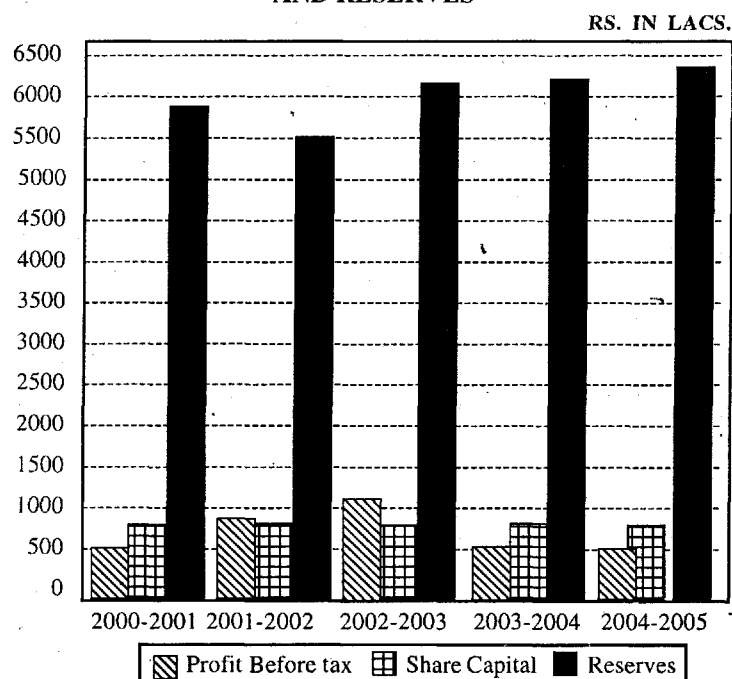
Ajai K. Lakhanpal
K. Hokazono
S.K. Khurana
P. Singhal
Y. Sato
V. Diddee

Matsushita Lakhanpal Battery India Ltd.

FINANCIAL HIGHLIGHTS		(Rs. in Lacs)				
	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	
OPERATING RESULTS:						
Turnover	1,95,33	1,56,05	1,83,94	1,71,67	1,76,14	
Profit before Interest, Depreciation & Tax	10,41	8,73	17,99	15,15	11,83	
Profit before tax	5,35	5,56	11,97	8,73	5,39	
Profit after tax	4,04	3,96	8,66	5,89	3,89	
Dividend	2,54	2,54	2,54	1,50	1,65	
Retained Earnings	1,50	1,42	6,12	4,39	2,24	
FIXED ASSETS:						
Gross	98,42	1,15,16	1,04,31	1,03,82	1,03,50	
Net	32,06	43,67	37,93	44,05	51,14	
SHAREHOLDERS' FUNDS:						
Share Capital	7,50	7,50	7,50	7,50	7,50	
Reserves & Surplus	64,14	62,65	61,23	55,10	59,66	
Net Worth	71,64	70,15	68,73	62,60	67,16	
RATIO:						
Sales/Total Assets (No. of Times)	2.38	1.90	2.27	2.49	2.31	
Operating Profit/Capital Employed (%)	13.68	11.67	24.15	21.94	15.54	
Profit Before Tax/Sales (%)	2.74	3.56	6.51	5.09	3.06	
Return on Net Worth (%)	5.64	5.64	12.60	9.41	5.79	
Return on Investment (%)	7.03	7.43	16.17	12.91	8.51	
Net Worth per Equity Share (Rs.)	95.52	93.53	91.64	83.47	89.55	
Debt Equity Ratio (On long term loans)	0.06:1	0.07:1	0.08:1	0.08:1	0.11:1	
Earning Per Share (Rs.)	5.39	5.28	11.55	7.86	5.19	

PROFIT BEFORE TAX, SHARE CAPITAL AND RESERVES

CONTRIBUTION TO EXCHEQUER
RS. 6189 LACS



Matsushita Lakhanpal Battery India Ltd.

NOTICE

NOTICE is hereby given that the THIRTY THIRD 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, 18th July 2005 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 2005, 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, 2005.
3. To appoint a Director in place of Mr. D.J. Thakkar, who retires from Office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. G.N. Punj, who retires from Office by rotation and being eligible, offers himself for re-appointment.
5. 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.
6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 21 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time) and subject to the approval of the Central Government, the existing name of the Company be changed from 'Matsushita Lakhanpal Battery India Ltd.' to 'Panasonic Battery India Company Limited' and accordingly consequential amendments be made in the Memorandum and Articles of Association (including in particular the Interpretation Clause in Article 2) of the Company and incidental documents, name plates etc. consequent upon the new name of the Company becoming effective.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient to implement the above resolution without being required to seek any further consent or approval of the Company or otherwise, to this end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to all other approvals, if any necessary, CONSENT of the Company be and is hereby accorded to

the payment of, in addition to the sitting fees and reimbursement of expenses in accordance with the relevant provisions of the Articles of Association of the Company and the statutory regulations for the time being in force to the Directors who are neither in the wholetime employment of the Company nor the Managing/Wholtime Director of the Company, of commission at a rate not exceeding one percent of the net profits of the Company, in each year, calculated in accordance with the relevant provisions of the said Act, subject however to such ceiling, if any, per annum as the Board may from time to time fix in that behalf and the same to be dividend amongst them in such manner as they may from time to time determine and in default of such determination, in equal proportion.

RESOLVED FURTHER THAT this resolution shall be effective for a period of five years from 1st April, 2005 to 31st March, 2010".

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

Registered Office:
Makarpura Industrial Area,
GIDC, VADODARA - 390 010.
21st May, 2005.

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, 4, 6 & 7 of the accompanying Notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 5th July 2005 to Monday, 18th July 2005 (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 16th August 2005 to those members whose names appear on the Company's Register of Members at the close of business on 18th July 2005.
5. a) All unclaimed dividends upto the financial year ended on 31st March, 1995 (paid in 1995) have been deposited with the General Revenue Account of the Central Government and shareholders may claim the same from the Registrar of Companies, Gujarat.
 b) Unclaimed dividends for the year 1995-96 and 1996-97 have been transferred to Investor Education and Protection Fund pursuant to Section 205A and 205C of the Act.

Matsushita Lakhanpal Battery India Ltd.

- c) Shareholders who have not encashed their dividend warrants for the years from 1997-98 to 2003-04, are requested to claim the amount from the Company immediately.
6. Members are requested to notify immediately:
 - (a) any change in their residential address.
 - (b) Income-Tax permanent Account Number (PAN).
 - (c) Bank details - Name and address of the Bank; A/c No.; type of A/c.
7. Members are requested to bring their copies of the Annual Reports along with duly filled attendance slip to the meeting.
8. 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.

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. D.J. Thakkar
- Age** : 68 Years
- Qualifications** : B.Com., LL.B., FCA
- Functional Area** : Chartered Accountant
Director of the Company since 5th February 1994.

Other Directorships :

Name of the Company	Position held	Committee	Membership Status
1. Omega Management Services Ltd.	Director	-	-
2. Rajasvi Properties Holdings Pvt. Ltd.	Director	-	-
3. Wearology Limited	Director	-	-
4. Starrock Investments & Trading Private Ltd.	Director	-	-
5. Deccan Florabase Ltd.	Director	-	-
6. Essar Oil Ltd.	Director	Audit	Chairman
		Investors Relations	Member
7. India Consultancy Group Pvt. Ltd.	Director	-	-
8. Thirumalai Chemicals Ltd.	Director	Audit	Chairman
		Share Transfer	Member
9. The Ruby Mills Ltd.	Director	-	-
10. PAE Ltd.	Director	Audit	Chairman
11. Himatsingka Seide Ltd.	Director	Audit	Chairman
12. Chrysanthemum Investments Pvt. Ltd.	Director	-	-
13. Blueberry Trading Company Pvt. Ltd.	Director	-	-
14. HSBC Mutual Fund	Trustee	-	-
15. Township Real Estate Developers Pvt. Ltd.	Director	-	-
16. Hamlet Constructions (India) Pvt. Ltd.	Director	-	-
17. Indo Count Industries Ltd.	Director	-	-
18. Walchandnagar Industries Ltd.	Director	Remuneration	Member
19. Windmere Hospitality Pvt. Ltd.	Director	-	-

Matsushita Lakhanpal Battery India Ltd.

2. Name	:	Mr. G.N. Punj
Age	:	31 Years
Qualifications	:	'A' level Oxford & Cambridge Board, U.K. Law Graduate from the London School of Economics & Political Science, U.K.
Functional Area	:	Industrialist Director of the Company since 30 th January 2002

Other Directorships

Name of the Company	Position held	Committee	Membership Status
1. Subhaavan Investments Pvt. Ltd.	Director	-	-
2. Nitam Investments Pvt. Ltd.	Director	-	-
3. Punjstar Industries Pvt. Ltd.	Director	-	-
4. Gaunil Holdings Pvt. Ltd.	Director	-	-
5. Cosmo Capital and Investments Pvt. Ltd.	Director	-	-
6. Nigit Holdings Pvt. Ltd.	Director	-	-
7. Punjstar Infotech Pvt. Ltd.	Director	-	-
8. Punjstar Properties Limited	Director	-	-
9. T&T Motors Limited	Director	-	-
10. Lloyd Insulations (India) Ltd.	Director	-	-

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

ITEM NOS. 3&4

Mr. D.J. Thakkar and Mr. G.N. Punj retire from the Board by rotation and being eligible offer themselves for reappointment. Pursuant to the requirement of the SEBI Committee on Corporate Governance on reappointment of the retiring Directors, a statement containing briefly, the details of the concerned Directors is attached hereto.

ITEM NO. 6

As per the global restructuring exercise undertaken by our foreign collaborators Matsushita Electric Industrial Co. Ltd. who own the brand "Panasonic" to promote a single global brand and identify the overseas subsidiaries with the Parent Company, it has been proposed for the benefit of the Company to change the existing name of the company from "Matsushita Lakhanpal Battery India Ltd." to "**Panasonic Battery India Company Limited**".

The Registrar of Companies, Gujarat has confirmed the availability of the new name of the Company.

Pursuant to Section 21 of the Companies Act, 1956, it is necessary to obtain the consent of the members by means of a Special Resolution and also that of the Central Government to change the name of the Company. The Special Resolution would also cover consequential alterations in the Memorandum and Articles of Association of the Company etc. so far as the name of the Company is concerned.

None of the Directors of the Company is personally interested in the resolution.

The Directors accordingly commend the resolution for your approval.

ITEM NO.7

The Company had passed a Resolution at the Annual General Meeting held on 17th July 2000, authorising the payment of Commission in addition to the sitting fees to the non-wholetime Directors, as therein set out in conformity with the corporate trend prevailing and the applicable provisions of law. The above resolution was effective upto 31st March, 2005. It is now proposed to seek fresh approval from the members in this behalf for a further period of five years. Since the non Wholetime Directors devote considerable time and attention to the business of the Company and the Company substantially benefits by their professional expertise and mature advice, it is only fair that they are paid suitable remuneration by way of commission not exceeding one percent per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act. The yearly remuneration will be distributed amongst the Directors in accordance with the directions given by the Board from time to time. The resolution is accordingly commended for your approval.

All the non-wholetime Directors are deemed to be interested in this resolution.

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

Registered Office:
Makarpura Industrial Area,
GIDC, VADODARA - 390 010.
21st May, 2005.

Matsushita Lakhanpal Battery India Ltd.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED ON 31ST MARCH, 2005

TO THE MEMBERS OF MATSUSHITA LAKHANPAL BATTERY INDIA LTD.

The Directors have pleasure in presenting their Thirty Third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

2. FINANCIAL RESULTS:

	RUPEES '000s	
	As at 31st March, 2005	As at 31st March, 2004
Sales Turnover	195,33,21	156,04,97
Operating Profit (before interest, depreciation & tax)	10,41,49	8,72,88
Profit before Tax	5,35,21	5,55,71
Less:		
Provision for Taxation (Net of Deferred Tax)	1,57,91	1,84,95
Add/(Less):		
Provision for taxation of earlier Years (Net of Refund/Demand)	26,58	25,02
Profit after Tax	4,03,88	3,95,78
Add:		
Profit brought forward from previous year	13,11	36,16
Net available surplus for appropriation	4,16,99	4,31,94
APPROPRIATIONS		
a) Proposed Dividend	2,25,00	2,25,00
b) Corporate Tax on Proposed Dividend	29,41	28,83
c) General Reserve No.1 (Statutory)	45,00	45,00
d) General Reserve No.2	50,00	1,20,00
e) Surplus carried to Balance Sheet	67,58	13,11
	4,16,99	4,31,94

3. DIVIDEND:

The Directors recommend declaration of dividend at Rs.3/- per Equity Share (previous year Rs.3/- per Equity Share) on 75,00,000 Equity Shares for the year ended 31st March, 2005. The dividend, when approved, will entail payment to shareholders of Rs.225 lacs. It will be tax free in the hands of recipients and the Company will have to pay Corporate tax thereon in the sum of Rs.29.41 lacs.

4. MANAGEMENT DISCUSSION AND ANALYSIS:

A. Business Overview:

The Company's turnover at Rs.195.33 crores recorded an increase of 25% over that of the previous year. The profit before tax for the year, after absorbing Rs.62 lacs towards Voluntary Retirement Schemes and Rs.116 lacs loss on sale of fixed asset was lower by about 4% i.e. Rs.5.35 crores as against Rs.5.56

crores of the previous year, which has adversely affected the result inspite of increase in the sales.

During the year sales quantity of your Company has increased by 27% to 437 million pieces. Production quantity was 440 million pieces which is 79 million pieces more than in the previous year.

During the year, the Company has switched over its distribution system from 'Through Distributor' to 'Direct Marketing' in additional areas of the country, resulting in increase in sale of finished goods. However, Substantial increase in major input costs affected the performance. Though, intensive cost reduction efforts continued during the year.

Your Directors are happy to inform that during the year, Technical Assistance Agreements with Matsushita Battery Industrial Co. Ltd., Osaka, Japan,

Matsushita Lakhanpal Battery India Ltd.

for the manufacture of Dry Batteries and Battery Grade Separator Paper have been renewed for further period of ten years.

B. Industry Structure and Development:

During the year, the Indian Dry Battery Industry registered a growth of 12% in quantity terms compared to corresponding previous year. This was mainly due to an overall growth in all sectors of the economy including agriculture. During the year 2005-06, growth in allied sector will fuel further increase in demand for dry batteries. In spite of growth in all product-segments, industry is likely to grow more in AA segment. Growth is also expected in the AAA segment.

Opportunities and Threats:

Two major factors played a dominating role for the battery industry during the year and are likely to have an impact during the coming year too. Firstly, raw material prices have increased drastically, a result of global phenomenon. Secondly, stiff price competition in finished products, especially in AA segment will continue. The other companies in field are also expected to consolidate their presence in the various product segments relating to our industry.

Your Company has taken several measures in areas of inventory control, cost management, distribution management etc. and expects better results in the coming year. Direct marketing operations have been further extended to improve services to the markets.

Risks & concerns:

Spiraling raw material prices, mainly of Zinc and Tin, is a major concern. Also, increase in fuel prices will have a direct impact on costs.

Outlook:

Since, the per capita consumption of batteries still continues to be low (just 2.2 units per individual), demand for batteries in India will continue to rise. Demand for consumer electronic products is likely to grow which will further increase consumption and demand of the company's products. Your Company sees this as an opportunity and expects demand to grow further in coming years.

Internal Control System:

Internal audit is done by an independent firm of Chartered Accountants. Internal audit and other controls are reviewed periodically by the Audit Committee and have been found to be adequate.

Developments in human resources and industrial relations:

Directors wish to place on record their appreciation to all employees for their sustained efforts and

valuable contribution. The total number of employees at the year end was 1081 (previous year 951). Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. Any shareholder interested in obtaining such information may write to the Company.

During the year 19 employees availed themselves of the VRS.

Relations with the employees at both the factories and other branches continued to be cordial during the year.

C. Research & Development:

In the scenario of increasing raw material price globally, reducing product cost by maintaining product quality, to remain competitive has become need of the hour. Market globalization has made customer more intelligent enough to select the superior environmentally safe product at a very competitive price. Keeping above prevailing market situation, the research and development activities were strived to focus on designing technology for consistent superior and eco-friendly product having better product features not limited to only batteries, but also battery operated appliances, with more emphasis on reducing manufacturing cost, to build strong customer confidence in your Company. Your Directors are taking necessary steps to protect these intellectual property. Your Directors would also like to inform that, Company is also making sincere efforts by introducing economical range of product in battery as well as battery operated appliances to keep in pace with market demand. Substantial efforts are also being continued on further reducing customer complaints to enhance customer satisfaction. These efforts have also yielded into bringing customer complaints to a lowest level in the recent past.

In addition, we are regularly monitoring the current scenario related to product improvement and are making every effort to give only the best product to the customer.

Pursuant to the applicable Rules read with Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 has been given in the Annexure forming part of this Report.

D. Exports:

Efforts continue to boost exports. It has earned foreign exchange to the tune of Rs.1.53 crores (previous year Rs. 3.50 crores). Price continues to be a key factor. Despite this, fresh initiatives are planned to improve the Company's export activities.

Matsushita Lakhnapal Battery India Ltd.

5. DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors state that:

- a) in the preparation of the annual accounts, all applicable accounting standards have been followed;
- b) accounting policies as listed in Schedule-13 to the Financial Statements have been selected and applied consistently and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2005 and of the Profit of the Company for the year ended on that day;
- c) proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act, so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis.

6. CORPORATE GOVERNANCE:

A separate Section on Corporate Governance is included in the Annual Report and the certificate from the Company Secretary in practice, confirming the compliance of conditions on Corporate Governance as stipulated by Clause 49 of the Listing Agreement with Stock Exchange is annexed thereto.

With effect from 1st April, 2005 Investors' Grievance Committee has been reconstituted in terms of the amended Clause 49 of the Listing Agreement and consequent resignation of Executive Directors Mr. S.K. Khurana and Mr. P. Singhal. Now, members of the Committee are Mr. D.J. Thakkar, Mr. Ajai K. Lakhnapal and Mr. K. Hokazono. Mr. D.J. Thakkar will continue as Chairman of the Committee. The scope of the Committee will remain the same.

7. DEPOSITS:

During the year under review the Company has not accepted/renewed deposits from Public/Shareholders. 6 Deposits matured but not claimed by the depositors at the relevant point of time, have now been claimed during the year after we sent reminder letters to depositors. 19 Deposits amounting to Rs.1,72,000/- are still unclaimed by the depositors as on 31st March 2005.

8. STATEMENT PURSUANT TO LISTING AGREEMENT:

Equity shares of the Company are listed at Mumbai Stock Exchange. The Company has already paid annual listing fee for the year 2005-06 to the Stock Exchange.

As resolved at the last AGM for voluntary delisting of equity shares from Vadodara and Ahmedabad Stock Exchanges, the same has become effective from 16th August 2004 and 15th October 2004 respectively.

9. DIRECTORS:

In terms of the amended Clause 49 of the Listing Agreement, Mr. S.K. Khurana, Mr. P. Singhal, Mr. Y. Sato and Mr. V. Diddee resigned from the Board w.e.f. 31st March 2005.

The Board places on record its appreciation for the valuable services and guidance rendered by Mr. S.K. Khurana, Mr. P. Singhal, Mr. Y. Sato as Executive Directors and Mr. V. Diddee as Director - Marketing during the tenure of their office.

Mr. T. Kawabe, representing "Matsushita" on the Board, has resigned w.e.f. 21st May 2005.

The Board places on record its appreciation for the valuable services and guidance rendered by Mr. T. Kawabe during the tenure of his office as Director.

Mr. T. Konda representing "Matsushita" has been appointed as a Director on the Board w.e.f. 21st May 2005 to fill the casual vacancy occasioned due to the resignation of Mr. T. Kawabe in terms of the Articles of Association of the Company and Section 262 of the Companies Act, 1956.

Mr. D.J. Thakkar and Mr. G.N. Punj retire by rotation and, being eligible, offer themselves for reappointment. The Board recommends their reappointment.

10. AUDITORS:

Messrs. K.C. Mehta & Co., Chartered Accountants, Vadodara retire, and being eligible, offer themselves for re-appointment.

11. ACKNOWLEDGEMENTS:

Your Directors wish to record their deep appreciation to Matsushita Electric Industrial Co. Ltd., Japan and Matsushita Battery Industrial Co. Ltd., Japan for their valuable support and co-operation. They also wish to thank The ICICI Ltd., State Bank of India, The Bank of Tokyo-Mitsubishi Ltd. and Madhya Pradesh State Industrial Development Corporation Ltd. for the continued support extended by them, as well as the Wholesalers/Stockists and Suppliers.

The Directors also wish to place on record their sincere thanks to the Shareholders for the confidence reposed by them in the Company.

FOR AND ON BEHALF OF THE BOARD

AJAI K. LAKHANPAL
CHAIRMAN.

21st May, 2005.

Matsushita Lakanpal Battery India Ltd.

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED ON 31ST MARCH, 2005.

FORM A

- A. CONSERVATION OF ENERGY : Not given as the Company is not covered under the list of specified industries. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

FORM B

A. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D).

- | | |
|--|--|
| 1. Specific areas in which R&D carried out by the Company | 1. Development of mercury free dry cell (under progress). |
| | 2. In-house development of new product. |
| | 3. Customer satisfaction through reduction in market complaints. |
| | 4. Development of new range of torch. |
| 2. Benefit derived as a result of above R&D | 1. Environmentally safe products and packaging. |
| | 2. Introduction of new products at low manufacturing cost. |
| | 3. Better customer satisfaction. |
| | 4. Economical plastic torch in R-20 & R-6 segment. |
| 3. Future plan of action | Enhancing customer satisfaction. |
| | Make globally environment conscious company. |
| | Make globally competitive cost. |
| 4. Expenditure on R&D: (Rs. in lacs) | |
| (i) Capital | Rs. 5.07 |
| (ii) Recurring | Rs. 66.61 |
| (iii) Total | Rs. 71.68 |
| (iv) Total R&D expenditure as a Percentage of total turnover | 0.37% |

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|---|
| 1. Effort in brief made towards technology absorption, adaptation and innovation | 1. Development of environment friendly dry battery (in progress). |
| | 2. Introduction of cost effective dry battery (in progress). |
| 2. Benefit derived as a result of the above efforts (e.g. Product improvement, cost reduction, product development, import substitution, etc) | 1. Aligning towards global trend of introducing new environment friendly products into the Indian market. |
| | 2. New technology with emphasis on cost reduction. |
| | 3. Better cost effective and cheaper battery. |
| 3. Imported technology (imported during the last 5 years reckoned from the beginning of the financial year) | a) Technology imported : - "No Cadmium added" cells. |
| | b) Year of import :- 2000 |
| | c) Has technology been fully absorbed? |
| | A) For Paper line - Fully absorbed. |
| | B) For Paste type - Fully absorbed. |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|--|---|
| 1. Activities relating to export initiatives taken to increase exports; development of new export markets for products and services; and export plan | 1. This year also the company was able to earned foreign exchange by supplying batteries to foreign customers as per their requirement. |
| | 2. Substantial foreign exchange was earned compared to last year by exporting spare parts and machinery to several dry cell manufacturing companies such as Tanzania, Poland, Costa Rica etc. |

	'000 US\$ 2003-2004	'000 US\$ 2004-2005
Spare parts/Machinery	125	1781*

* Includes US\$ 1600 towards sale of fixed assets.

3. Efforts are in progress to develop new foreign customers in addition to sustaining existing customers with good quality and service.

FOR AND ON BEHALF OF THE BOARD
AJAI K. LAKHANPAL
CHAIRMAN

21st May, 2005.