

# **Annual Report 2003-2004**

# **NOVINO**

**Batteries & Torches**



**Matsushita Lakhanpal Battery India Ltd.**

# Matsushita Lakhanpal Battery India Ltd.

## 32<sup>nd</sup> ANNUAL REPORT

1st April, 2003 to 31st March, 2004

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

**Dy. Gen. Manager -  
Company Secretary**

**Ashwin C. Shah**

**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-390010, Gujarat.**

**Works**

- 1. Makarpura Industrial Area, GIDC,  
Vadodara - 390010, Gujarat.**
- 2. Plot No. 112, Sector III,  
Pithampur Industrial Area,  
Dist. : Dhar (M.P.).**

## CONTENTS

Financial Highlights	2
Notice to Members	3-7
Directors' Report	8-11
Corporate Governance	12-17
Auditors' Report	18-19
Balance Sheet	20
Profit & Loss Account	21
Cash Flow Statement	22
Schedules 1 to 14	23-37
Balance Sheet Abstract and Company's General Business Profile	38

# Matsushita Lakhanpal Battery India Ltd.

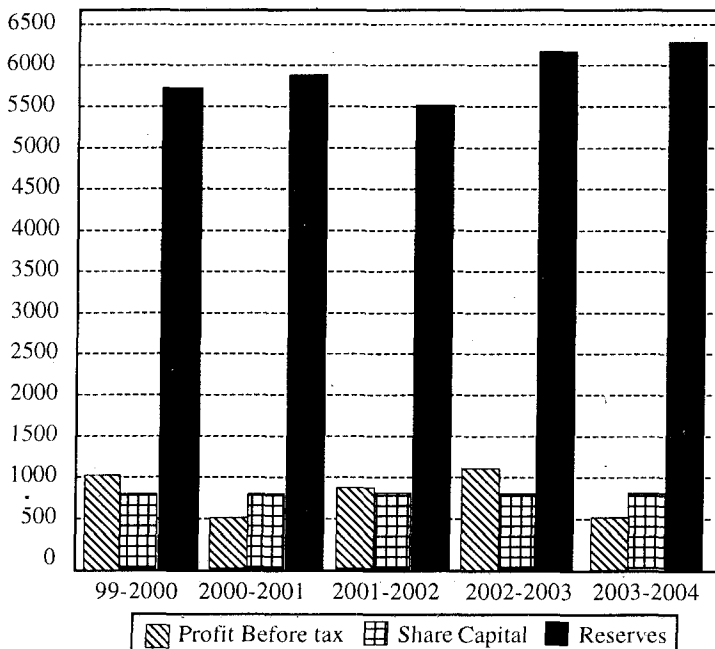
## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
<b>OPERATING RESULTS:</b>					
Turnover	1,56,05	1,83,94	1,71,67	1,76,14	1,92,97
Profit before Interest, Depreciation & Tax	8,73	17,99	15,15	11,83	17,23
Profit before tax	5,56	11,97	8,73	5,39	10,99
Profit after tax	3,96	8,66	5,89	3,89	7,13
Dividend	2,54	2,54	1,50	1,65	2,91
Retained Earnings	1,42	6,12	4,39	2,24	4,22
<b>FIXED ASSETS:</b>					
Gross	1,15,16	1,04,31	1,03,82	1,03,50	92,90
Net	43,67	37,93	44,05	51,14	47,49
<b>SHAREHOLDERS' FUNDS:</b>					
Share Capital	7,50	7,50	7,50	7,50	7,50
Reserves & Surplus	62,65	61,23	55,10	59,66	57,43
Net Worth	70,15	68,73	62,60	67,16	64,93
<b>RATIO:</b>					
Sales/Total Assets (No. of Times)	1.90	2.27	2.49	2.31	2.53
Operating Profit/Capital Employed (%)	11.67	24.15	21.94	15.54	22.56
Profit Before Tax/Sales (%)	3.56	6.51	5.09	3.06	5.70
Return on Net Worth (%)	5.64	12.60	9.41	5.79	10.98
Return on Investment (%)	7.43	16.17	12.91	8.51	16.00
Net Worth per Equity Share (Rs.)	93.53	91.64	83.47	89.55	86.57
Debt Equity Ratio (On long term loans)	0.07:1	0.08:1	0.08:1	0.11:1	0.14:1
Earning Per Share (Rs.)	5.28	11.55	7.86	5.19	9.51

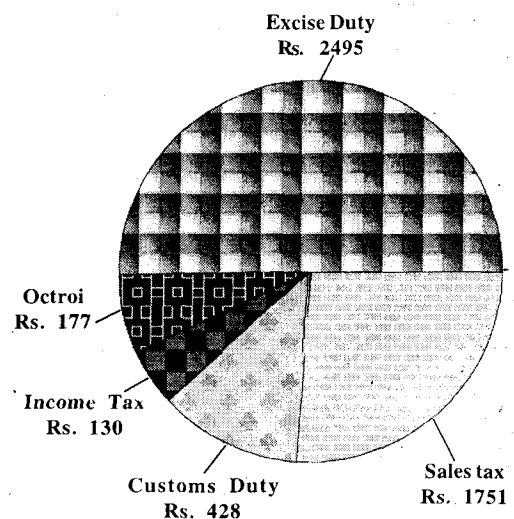
### PROFIT BEFORE TAX, SHARE CAPITAL AND RESERVES

RS. IN LACS.



### CONTRIBUTION TO EXCHEQUER RS. 4981 LACS

RS. IN LACS.





# Matsushita Lakhanpal Battery India Ltd.

## NOTICE

NOTICE is hereby given that the THIRTY SECOND 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 Wednesday, 14th July 2004 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 2004, 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, 2004.
3. To appoint a Director in place of Mr. T. Kawabe, who retires from Office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Y. Yokoe, who retires from Office by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. V. Diddee who retires from office by rotation and being eligible offers himself for reappointment as a retiring Director, and incidental to his holding office as Director - Marketing 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 of the Company and of the Companies Act, 1956 including Section 255, Mr. V. Diddee be and is hereby re-appointed a Director of the Company liable to retire by rotation and he do continue to hold office as Director - Marketing of the Company."

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, 310, 314 and all other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto, and subject to the approvals of the concerned authorities, if any necessary, and subject to the relevant guidelines issued by the Central Government from time to time, approval of the Company be and is hereby given to the continuance of Mr. Y. Sato as Executive Director of the Company for the remaining period of his term of Office upto 19th January 2006, on the terms as to remuneration and otherwise as embodied in the draft agreement expressed to be made between the Company of the One Part and Mr. Sato 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.30,000/- per increment with proportionate increase in the perquisites relating to monthly salary, but subject to the limitations in that behalf as per Schedule XIII of the said Act, and as specified in the said Agreement,

and broad details of which are given in the Explanatory Statement in respect of this item of Notice, with liberty to agree to modifications, if any, of the above terms as may be suggested by any authority wherever applicable, and as agreed to by the Board of Directors and Mr. Sato, 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 thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

8. 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, 311, 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 Executive Director, for a further period of three years with effect from 1st July, 2004 to 30th June, 2007, on the 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 appropriate increase in perquisites relating to monthly salary, subject however to the limitations in that behalf as per the said Schedule XIII and as specified in the agreement and broad details of which are given in the Explanatory Statement in respect of this item of Notice, and also to agree to the modifications, if any, of 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 thereon 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 which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as follows :

The following new Article No. 106A together with the following marginal note be inserted after the existing Article No. 106 in the Articles of Association of the Company :

### POSTAL BALLOT

"106A. Notwithstanding anything contained in these Articles and in conformity with the provisions of Section 192A of the Act, the Company may, in the case of such business as the Central Government may, by notification, declare or prescribe under the Rules made by it from time to

# Matsushita Lakhanpal Battery India Ltd.

time, to be conducted only by postal ballot (including voting by electronic mode), shall, get any resolution passed by means of a postal ballot (including voting by electronic mode), instead of transacting the business in the General Meeting, and if the resolution is assented to by a requisite majority of the Shareholders by means of postal ballot (including voting by electronic mode), it shall be deemed to have been duly passed as if at a General Meeting convened in that behalf. When the Company is required to or decides, as the case may be, to get a resolution passed by means of a postal ballot (including voting by electronic mode), the provisions of Section 192A of the Act and other incidental Rules and Regulations framed and modifications made thereunder, from time to time, shall be complied with."

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

"RESOLVED THAT in accordance with the provisions of the applicable Laws, Guidelines, Rules and Regulations including the SEBI (Delisting of Securities) Guidelines, 2003, or any amendment or modification thereof and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions including the approvals of the Stock Exchanges with which the Securities of the Company are listed and which may be agreed to by the Board of Directors of the Company ("the Board") (which term shall be deemed to include a Committee of the Board or any person(s) authorised by the Board), consent of the Company be and is hereby accorded to delist the Equity Shares of the Company from all or any of the Stock Exchanges on which the shares of the Company are listed including in particular the Stock Exchanges at Vadodara and Ahmedabad at such time as the Board may in its absolute discretion deem appropriate.

RESOLVED FURTHER THAT authority be and is hereby accorded to the Board to do all such acts, deeds and things as may be necessary, expedient and desirable and execute all such applications, documents and writings as it may consider proper or necessary for the purpose of giving effect to 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.**  
**22nd May, 2004.**

## 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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 3, 4, 5 & 7 to 10 of the accompanying Notice is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 3rd July, 2004 to Wednesday, 14th July, 2004 (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 12th August, 2004 to those members whose names appear on the Company's Register of Members at the close of business on 14th July, 2004.
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.

Those shareholders who have so far not claimed their dividend upto the financial year 1994-95 may claim the dividend from the Registrar of Companies, Gujarat Housing Board Building, Opp. Rupal Park, Near Ankur Char Rasta, Naranpura, Ahmedabad - 380 013 Gujarat, by submitting an application in the prescribed form, a copy of which can be obtained from the Company or its Share Transfer Agent.

As per Sections 205A and 205C of the Act, the amount of unclaimed Dividend for the financial year 1995-96 has already been transferred to the "Investor Education and Protection Fund" and dividend for the subsequent years remaining unclaimed over a period of seven years from the date they became due for payment, shall be transferred to the said Fund at appropriate time in the future, and that no claim shall lie against the Fund or the Company in respect of the amounts so transferred.

Such claims for the financial year 1996-97 and subsequent years should be sent to the Company before the expiry of seven years from the date when the respective amounts became due for payment as shown in the table below:

Dividend became due for payment	Due for transfer to Investor Education & Protection Fund
August, 1997	August, 2004
July, 1998	July, 2005
July, 1999	July, 2006
July, 2000	July, 2007
July, 2001	July, 2008
July, 2002	July, 2009
July, 2003	July, 2010

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

# Matsushita Lakhanpal Battery India Ltd.

Ltd. (NSDL) 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:

- Notify immediately any change in their residential address.
- Notify Income-Tax Permanent Account Number (PAN) or General Index Register Number (GIR No.): Ward/Range/District where assessed/assessable.

(c) Bring their copies of the Annual Reports along with duly filled attendance slip to the meeting.

- 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.
- As required by the Listing Agreement with the Stock Exchanges where the Company's shares are listed, the relevant details in respect of the Directors proposed to be reappointed are set out in the statement attached herewith.

## 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:

- Name** : Mr. T. Kawabe

**Age** : 58 Years

**Qualifications** : Mechanical Engineer

**Functional Area** : Company Executive

Director of the Company since 16th July, 2002.

**Other Directorships** :

Name of the Company	Position held	Committee	Membership Status
1 National Panasonic India Private Ltd.	Director	-	-
2 Panasonic Networks India Co. Ltd.	Director	-	-
3 Indo National Ltd.	Director	-	-
4 Indo Matsushita Appliance Co. Ltd.	Director	-	-
5 Indo Matsushita Carbon Co. Ltd.	Director	-	-
6 Matsushita Air-conditioning India Pvt. Ltd.	Director	-	-
7 Matsushita Washing Machine India Pvt. Ltd.	Director	-	-

He is also on the Board of other 38 Matsushita group companies located outside India.

- Name** : Mr. Y. Yokoe

**Age** : 54 Years

**Qualifications** : Graduate in Foreign Studies

**Functional Area** : Company Executive

Director of the Company since 30th January, 2002.

**Other Directorships** :

Name of the Company	Position held	Committee	Membership Status
1 Indo National Ltd.	Director	-	-
2 Indo Matsushita Carbon Co. Ltd.	Director	-	-

He is also on the Board of other 10 Matsushita group companies located outside India.

- Name** : Mr. V. Diddee

**Age** : 56 Years

**Qualifications** : B.E. (Mech.)

**Functional Area** : Director - Marketing

Director of the Company since 12th May, 2002.

**Other Directorships** :

**Committee Membership** : NIL

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

### ITEM NOS. 3&4

Mr. T. Kawabe and Mr. Y. Yokoe 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.5

There are in all twelve Directors of the Company at present, out of which only 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 are whole-time Directors of the Company, appointed for a fixed period, to comply with the provisions of Section 255, some of them have to retire by rotation at the Annual General Meeting. Mr. Diddee is one of them in whose respect this resolution is being proposed. This resolution in which Mr. Viddee is interested is accordingly commended for acceptance.

# Matsushita Lakhanpal Battery India Ltd.

## ITEM NO. 7

At the 31st Annual General Meeting held on 14th July, 2003, shareholders had approved the appointment of Mr. Y. Sato as Executive Director of the Company for a period of three years effective from 20th January, 2003, on the terms as to remuneration and otherwise as set out in the Explanatory Statement annexed to the Notice of the said Annual General Meeting. Since he is a Japanese National, in terms of the relevant provisions of Schedule XIII to the Companies Act, the Company had applied to the Government of India seeking approval for the appointment and payment of remuneration to Mr. Sato as Executive Director under the relevant provisions of the Act. The Government of India approved the appointment and remuneration of Mr. Sato vide its letter No. 1/130/2003-CL.VII dated 3rd September, 2003, upon the same terms as approved by the shareholders at the above referred Annual General Meeting. Mr. Sato has now completed his stay in India for a continuous period of twelve months and payment to him of the remuneration will be governed by the relevant provisions of Schedule XIII of the Act in this behalf.

The details of revised remuneration payable to Mr. Y. Sato are as follows:

- (A) **Salary:** Rs.55,000/- (Rupees fifty five thousand) per month with liberty to the Board to sanction annual increments in his monthly salary in such amount as the Board thinks fit subject to the upper limit of Rs.30,000/- per increment with appropriate increase in the perquisites related to such monthly salary.
- (B) **Special Allowance:** Rs.43,666/- (Rupees forty three thousand six hundred sixty six) per month.
- (C) **Commission:** In addition to above, subject to the upper limit of 0.5% of the net profits of the Company in a particular financial year Mr. Sato shall be paid commission in an amount as may be determined by the Board of Directors every year.
- (D) **Perquisites:**
  - (i) In addition to the salary, special allowance and commission, Mr. Sato shall be entitled to perquisites such as accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance expenses, together with utilities therefor 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 if any of the Company applicable to him, or as may be agreed to by the Directors and Mr. Sato, the aggregate monetary value of which perquisites will be restricted to a maximum amount of Rs.10,94,000/- 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. Sato 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 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 the 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. Sato; and**
- (f) **Leave travel concession:** As per the Rules of the Company applicable to him.
- (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.

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

## (E) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Sato, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, special allowance 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.

The Board considers that the remuneration including perquisites proposed to be paid to Mr. Sato 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 Executive 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 upto and inclusive of the date of this Annual General Meeting or any adjournment thereof.

## Memorandum of interest:

Mr. Y. Sato is interested in this resolution as it relates to his appointment.

## Abstract:

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



# Matsushita Lakhanpal Battery India Ltd.

## ITEM NO. 8

At the 29th Annual General Meeting of the Company held on 16th July, 2001, the shareholders had approved the re-appointment and payment of remuneration to Mr. S.K. Khurana for a period of three years w.e.f. 1st July, 2001. The present term of office of Mr. Khurana expires on 30th June, 2004. 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 Executive Director for a further period of three years from 1st July, 2004 to 30th June, 2007.

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

### 1. Salary:

Rs.55,000/- (Rupees fifty five thousand) per month with liberty to the Board to sanction 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 with appropriate increase in perquisites related to such monthly salary.

### 2. Commission:

In addition to above, subject to the upper limit of 0.5% of the net profits of the Company in a particular financial year Mr. Khurana shall be paid commission in an amount 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:

- Accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof; house maintenance expenses together with utilities therefor such as gas, electricity, water, furniture, 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 applicable to him 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.6,09,000/- per annum.
- Use of Company's car and telephone at residence.
- 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.
- Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- 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.

Mr. Khurana shall not be paid any sitting fees for attending the meeting of the Board or any Committee thereof. There is also a provision for termination of the contract on either side by giving the required notice.

### 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 restrictions set forth in Section II of Part II of the amended Schedule XIII of the Companies Act, 1956.

### Inspection:

Draft of the Agreement relating to the reappointment of

Mr. Khurana is available for inspection by the members of the Company at its Registered Office between the hours of 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.

### Abstract:

The above Explanatory Statement concerning Mr. Khurana together with the relevant resolution in the accompanying Notice setting out the terms of his re-appointment may be treated as an Abstract circulated to the members pursuant to Section 302 of the Companies Act, 1956.

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

### Memorandum of Interest :

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

## ITEM NO. 9

The Companies (Amendment) Act, 2000 has introduced the postal ballot system giving the shareholders the right to cast their vote by postal ballot including through the electronic media in respect of such business as is notified from time to time by the Central Government to be passed through postal ballot. To facilitate the same, a new Article 106A is proposed to be included in the Articles of Association of the Company as stated in the resolution under this item of the Notice. The relevant resolution is therefore being proposed for the consequential amendment of the Articles of Association in terms of Section 31 of the Companies Act, 1956.

The Directors accordingly commend the resolution mentioned in this item of the Notice for approval of the shareholders.

## ITEM NO. 10

As the members are aware, the Company's shares are listed on the Vadodara, Ahmedabad and the Stock Exchange, Mumbai (BSE).

Consequent to the recent rapid changes in the capital market and since a substantial volume of trading is carried on through the Mumbai Stock Exchange, the trading volumes on the other Stock Exchanges, namely, the Vadodara and the Ahmedabad Stock Exchanges, are gradually getting reduced to a substantial extent and are virtually nil today. No particular benefit is available to the shareholders of the Company either, by continuing the listing of the shares on these stock exchanges and incurring unnecessary expenditure incidental thereto by way of listing fees and other expenses which the Company has to incur. The Board of Directors have therefore decided to get the equity shares of the Company voluntarily delisted from the Vadodara and Ahmedabad Stock Exchanges in accordance with the applicable laws, rules, regulations and guidelines. Since a large majority of the investors have access to trading terminals of the BSE having nationwide coverage, no adverse effect is likely to occur to any of the investors holding shares of the Company. It is accordingly proposed to give the authority to the Directors to delist the shares from the aforesaid two Stock Exchanges.

The Directors holding shares of the Company may be deemed to be concerned or interested in the resolution.

Accordingly, the Board recommends this resolution for your approval.

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.  
22nd May, 2004.



# Matsushita Lakanpal Battery India Ltd.

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED ON 31ST MARCH, 2004

TO THE MEMBERS OF MATSUSHITA LAKHANPAL BATTERY INDIA LTD.

The Directors have pleasure in presenting their Thirty Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2004.

### 2. FINANCIAL RESULTS:

	RUPEES'000s	
	As at 31st March, 2004	As at 31st March, 2003
<b>Sales Turnover</b>	<b>156,04,97</b>	<b>183,93,65</b>
<b>Operating Profit</b> (before interest, depreciation & tax)	<b>8,72,90</b>	<b>17,99,68</b>
<b>Profit before Tax</b>	<b>5,55,71</b>	<b>11,96,90</b>
<b>Less:</b> Provision for Taxation (Net of Deferred Tax)	<b>1,84,95</b>	<b>3,49,97</b>
<b>Add/(Less):</b> Provision for taxation of earlier Years (Net of Refund/Demand)	<b>25,02</b>	<b>19,26</b>
<b>Profit after Tax</b>	<b>3,95,78</b>	<b>8,66,19</b>
<b>Add:</b> Profit brought forward from previous year	<b>36,16</b>	<b>13,80</b>
Net available surplus for appropriation	<b>4,31,94</b>	<b>8,79,99</b>
<b>APPROPRIATIONS</b>		
a) Proposed Dividend	<b>2,25,00</b>	<b>2,25,00</b>
b) Corporate Tax on Proposed Dividend	<b>28,83</b>	<b>28,83</b>
c) General Reserve No.1 (Statutory)	<b>45,00</b>	<b>90,00</b>
d) General Reserve No.2	<b>1,20,00</b>	<b>5,00,00</b>
e) Surplus carried to Balance Sheet	<b>13,11</b>	<b>36,16</b>
	<b>4,31,94</b>	<b>8,79,99</b>

### 3. DIVIDEND:

The Directors recommend declaration of dividend at Rs.3/- per Equity Share (previous year Rs.3.00 per Equity Share) on 75,00,000 Equity Shares for the year ended 31st March, 2004. 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.28.83 lacs.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS:

#### A. Business Overview:

The Company's turnover at Rs.156.05 crores recorded a decrease of about 15% over that of the previous year. The Operating Profit for the year (before interest, depreciation and tax) recorded about 51% decrease over that of the previous year. The

profit before tax for the year, after absorbing Rs.26 lacs towards Voluntary Retirement Schemes was Rs.5.56 crores.

During the year sales quantity of your Company has decreased by about 17% to 343 million pieces. Production quantity was 362 million pieces which is 64 million pieces less than in the previous year.

During the year, the Company has switched over its distribution system from 'Through Distributor' to 'Direct Marketing' in large part of the country, thereby leading to substantial reduction of finished goods inventory which has affected the results. Increase in major input costs also affected the performance. However, intensive cost reduction efforts continued during the year.

# Matsushita Lakhanpal Battery India Ltd.

During the year the Company successfully passed through ISO 9001:2000 and ISO14001 audits conducted by TUV and renewed its certification for a further period of three years.

During the year 19,50,000 equity shares representing 26% of the paid up capital held by Matsushita Battery Industrial Co. Ltd., Japan, (MBI) (Subsidiary Company) has been transferred to Matsushita Electric Industrial Co. Ltd., Japan (MEI) (Parent Company) after observing guidelines issued by the SEBI, and consequently MEI's shareholding has gone up from 18,75,000 equity shares - 25% to 38,25,000 equity shares representing 51% of the paid up capital of the Company.

## B. Industry Structure and Development:

In 2003-04, the Indian Dry Battery Industry witnessed a degrowth of 7% compared to its previous year. This declining trend was experienced by the industry inspite of an overall good monsoon and a better performance of several sectors in the economy. In the coming year, demand for battery operated appliances is likely to grow. This is expected to fuel an increase in demand for batteries especially in the AA segment. The D-size segment performance will depend a lot upon the rural demand which in turn is dependent on a good monsoon.

### Opportunities and Threats:

The dip in performance has been observed across all segments by the industry. The AA segment will continue to see intense price competition during coming year. In other segments, the demand pattern is expected to be normal. All companies in the last financial year introduced new products in existing as well as in new price bands, in an attempt to wider their base.

Your Company also took initiatives in introducing new products and improved versions of existing products. Two rural products viz. UM-1P and UM-3 were upgraded and two new products viz. UM-1PB Super Raja and UM-3UM were introduced during the year. Continuing efforts in this direction, and in areas of cost-management, distribution management, etc. are expected to result in significant improvement in the forthcoming years.

In order to strengthen distribution and ensure better services to the market, your Company has extended its direct marketing operations.

### Risks & concerns:

Import of cheap Chinese batteries during the year continues to be an area of concern for the industry. Increasing prices of Zinc and Tin which are basic raw materials, is a major concern.

### Outlook:

The per capita consumption of batteries continues to be low when compared to several developing countries. Demand is likely to grow in the coming years. It is this factor which attracts many foreign companies to try their products in Indian markets. However, your Company sees this as an opportunity and expects demand to grow further in the future with increasing usage of miniature electronic gadgets.

## C. 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.

## D. 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 951 (previous year 911). 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 7 employees availed themselves of the VRS.

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

## E. Research & Development:

Development of global market and insurgence of global player had made the selling of products and retainment of customer extremely difficult. Today time demands revolutionary manufacturing technology and environmentally safe products apart from high level of customer satisfaction. Keeping the above objective as need of the hour, the R&D activities were focussed towards designing technology for superior product with lower manufacturing cost, without affecting its quality as well as Batteries for Special Applications, in order to retain customer satisfaction. Also development for making environment friendly batteries is under process. Your Company has been recognized for "Self Certification" for the supply of all defence batteries, which confirms that high level of quality system and customer satisfaction is maintained.

Pursuant to the applicable Rules read with Section 217(1)(e) of the Companies Act, 1956 read with