



THE STANDARD BATTERIES LIMITED

MD	✓		BKC	✓
CS	MA		DPY	MA
RO	✓		DIV	MA
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

50TH ANNUAL REPORT 1996-97







Board of Directors

Mr. D. Khaitan, **Chairman**
 Mr. T. R. Swaminathan
 Mr. S. K. Oza
 Mr. H. V. Goenka
 Mr. R. K. Bhargava
 Mr. S. C. Joshi
 Mr. S. Krishna Moorthy
 Mr. V. R. Sinha, **Managing Director**

Bankers

Bank of India
 State Bank of Mysore
 Central Bank of India
 The Federal Bank Ltd.

Auditors

Messrs. Dalal Desai & Kumana
 Mumbai

Branch Auditors

Messrs. R. G. N. Price & Company
 Madras

Cost Auditor

Mr. K. K. Rajendran
 Mumbai

Registrars & Share Transfer Agents

M/s. IIT Corporate Services Ltd.,
 IIT House,
 Off: M. VasANJI Road,
 Near J. B. Nagar,
 Andheri (East),
 Mumbai 400 059.
 Tel.: No. 8225599.

Solicitors

Messrs. Crawford Bayley & Co.
 Mumbai

Messrs. Matubhai Jamietram
 Mumbai

Registered Office

Kanjur Village Road,
 Kanjur Marg (E),
 Mumbai - 400 042
 Tel.: No. 5783691-94
 Fax: No. 5783695.

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Notice of Annual General Meeting

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Company will be held as scheduled as below :

DAY : TUESDAY
 DATE : 30th September, 1997
 TIME : 2 p.m.
 VENUE : Registered Office:
 Kanjur Village Road,
 Kanjur Marg (E),
 Mumbai - 400 042.

The Agenda for the meeting will be as under :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Statement of Accounts for the financial year ended 31st March, 1997 and the report of the Directors and Auditors therein.
2. To elect a Director in place of Mr. S. K. Oza who retires by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. T. R. Swaminathan who holds office upto the date of this Annual General Meeting by reason of Section 262 of the Companies Act, 1956, read with Article 135 to the Articles of Association of the Company but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
4. To consider and, if thought fit, to pass with or without modifications, the following resolutions as a Special Resolution :
 - a. RESOLVED THAT Messrs. Dalal Desai & Kumana, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 1,25,000/- (Rupees One Lakh and Twenty-five Thousand only) and they be paid in addition, the out-of-pocket and/or travelling expenses, that they may incur in carrying out their duties.
 - b. RESOLVED THAT Messrs R. G. N. Price & Co., Chartered Accountants, Madras, be and are hereby appointed as Branch Auditors of Oldham Division at Madras to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of Rs. 31,000/- (Rupees Thirty-one Thousand only) and they be paid in addition, the out of pocket and/or travelling expenses, that they may incur in carrying out their duties.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the provisions of Section 293 1(a) of the Companies Act, 1956, and subject to such other government/institutional approvals as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into a strategic alliance/joint venture with, and/or transfer by way of sale, lease or assignment or in any other manner dispose all or part of the Company's undertakings to, any party or parties that the Board may deem fit in the best interests of the Company, on the terms and conditions to be agreed upon between the Board and the intending partner/transferee.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to sign and execute all agreements, documents and writings and to do all such acts, deeds and things as may be necessary for giving effect to this resolution."

By Order of the Board of Directors,
T. R. Swaminathan
 Director

Calcutta.

Dated: 27th August, 1997.

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE IN HIS STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Members are requested to bring their copies of the Annual Report to the meeting.
3. Members desiring to seek any clarification/explanations on the Accounts are requested to write their queries in advance to the Company, so that the same could be made available at the meeting.
4. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.



Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

Item No. 3

Mr. T. R. Swaminathan was appointed as a Director of the Company on 31st March, 1995 by the Board of Directors of the Company in accordance with the provisions of Section 262 of the Companies Act, 1956 ("the Act") and under Article 135 of the Articles of Association of the Company to fill the casual vacancy caused by the resignation of Mr. B. M. Khaitan.

Mr. B. M. Khaitan in whose place Mr. T. R. Swaminathan was appointed as a Director, would have held office upto the date of this Annual General Meeting of the Company, had he not resigned. Pursuant to Section 262 of the Act read with Article 135 of the Articles of Association of the Company, Mr. T. R. Swaminathan holds office as a Director only upto the date of this Annual General Meeting of the Company.

Pursuant to Section 257 of the Act, a notice in writing from a Member of the Company signifying his intention to propose Mr. T. R. Swaminathan as a candidate for the office of Director has been received by the Company alongwith a deposit of Rs. 500/-.

Your Board recommends the appointment of Mr. T. R. Swaminathan as a Director.

Mr. T. R. Swaminathan is interested in this Resolution since it relates to his own appointment.

Item No. 5

As had been reported to the Members in the 49th Annual General Meeting held on 27th September, 1996, the Company was continuing to experience setbacks in its operating performance. Concurrently, the Company's existing

competitors were making substantial inroads into the Company's market share. Coupled with the impending entry into India of multinational companies engaged in the same business, the Company would continue to face difficult times ahead with further erosion of/reduction in the Company's operating profits.

In view of the increasing liberalisation and globalisation of the Indian economy, which could further affect the Company's performance, the Board of Directors are considering negotiations with various parties for a suitable restructuring package for the Company which could result in the Company entering into a strategic alliance or joint venture with such party or parties or lead to the sale, disposal, assignment or lease of the Company's undertakings or any part thereof to such party or parties, or result in any other satisfactory and acceptable arrangement in the best interests of the Company.

The resolution at Item No. 5 of the notice, which is of an enabling nature is, necessary in view of the provisions of Section 293(1)(a) of the Companies Act, 1956.

This resolution is subject to the approval of the Investing Institutions.

None of the Directors is concerned or interested in the passing of this resolution except as shareholders generally.

BY ORDER OF THE BOARD OF DIRECTORS,

T. R. Swaminathan
Director

Calcutta,

Date: 27th August, 1997.



DIRECTORS' REPORT

To the Members of **The Standard Batteries Limited**

50th Annual Report

Your Directors are pleased to present herewith the 50th Annual Report of the Company, consisting of the Audited Accounts for the financial year ended 31st March, 1997 together with the Directors' Report and the Auditors' Report thereon.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	31st March 1997 (12 Mths.)	30th September 1996 (18 Mths.)
Turnover	15341.20	19741.38
Profit before Taxation	406.33	654.05
Provision for Taxation	(45.00)	—
Profit after Taxation	361.33	654.05
Add/Less: Short Provision of Taxation of earlier years	(3.86)	—
Withdrawn from Investment Allowance Reserve	15.78	32.22
Withdrawn from Debenture Redemption Reserve	75.00	—
Net Profit for the year	448.25	686.27
Less: Transfer to Debenture Redemption Reserve	—	(212.58)
Balance in Profit & Loss Account brought forward	(104.41)	(578.10)
Balance of Profit to be carried to Balance Sheet	343.84	(104.41)

DIVIDEND

In view of the Company's need for funds for working capital and growth the Directors regret their inability to recommend any dividend for the year under review.

ANALYSIS OF RESULTS 1996-97

The year under review was a watershed year for the Company. The prestigious new Talaja project was completed during the year under review. The fifty year's vintage main manufacturing factory at Vakola was successfully relocated, concurrent with new investments in machineries and utilities, at Talaja. Vakola had a common facility for manufacturing automotive and industrial batteries. Talaja's new factory comprises of two separate plants for these two product groups in a state-of-the-art machinery layout designed



by the Company's collaborators, Furukawa of Japan and Oldham of France. The investment is of Rs. 65 Crores and the covered area exceeds 220,000 square feet.

The new facilities are designed to progressively in a three year period increase automotive battery production from 750,000 units per year to 2.0 million units per year in comparison to the capacity of 450,000 at Vakola. Similarly, the industrial battery production during this time span is designed to triple in standard equivalent units. Additionally, the Taloja factories will enable manufacture of a new generation of batteries with world class quality, lower cost of production and with greater degrees of maintenance free characteristics. The effluent treatment plant at Taloja meets or exceeds world class pollution standards and has already helped the Company in attracting customers such as Mahindra Ford. With completion of this new factory, your Company is expected to have a competitive edge as other manufacturers are likely to take two to three years to set up a similar facility.

Though the Company's production was adversely impacted for about three months due to the relocation activity, it consolidated its position as the second largest battery company in the country. Supplies to major original equipment customers including Mahindra Ford, General Motors India and Mercedes Benz were successfully commenced and established. Relationships with other important customers including with Maruti Udyog and Mahindra & Mahindra were strengthened. The company expects to gain substantially in sales volume both in the original equipment and replacement markets in the coming years with this portfolio of world class customers established during the fiscal year under review. The industrial battery segment suffered due to the delay in implementing the VRLA (Valve Regulated Lead Acid) batteries. However, the automotive replacement trend and the Standard Furukawa brand gained increasing country-wide recognition and credibility. Order position of submarine batteries and execution improved with orders from the Navy and for exports. Performance of the Miners' Caplamp Group was also satisfactory.

Implementation of policies, procedures and processes for the QS 9000 quality system in association with the technical collaborator Johnson Controls Inc. (USA), was initiated and progressed. The Company expects that the Taloja factory will obtain certification for this world class quality system in the Calendar Year 1997 enabling acceptability by multinational OE manufacturers and continuous improvement of quality.

Financial performance of the Company suffered primarily because of the three months shifting process to Taloja and the

absence of VRLA industrial batteries. In addition certain work-in-process and finished goods had to be scrapped because of obsolescence and changes in customer specifications as also the shifting activity to Taloja.

TALOJA PROJECT

The project was completed during the year at a total cost of Rs. 65 Crores. After the initial start-up problems, production has stabilized and there is an immediate increase of about 50% in the installed capacity both for automotive and industrial batteries. To implement manufacture of the VRLA Industrial batteries and motorcycle batteries, additional investments are planned during 1997-98 and in a progressive manner for increasing capacity to meet the growing demand both for automotive and industrial batteries.

CURRENT YEAR 1997-98

The Taloja factory production has fully stabilized in the first quarter of the year. The high technology batteries required for the Ford car by Mahindra Ford were manufactured at Taloja and approved by the customer. The Company, selected as the exclusive supplier by Honda Sael Cars Ltd., for the Honda car, submitted samples for approval by this customer and Daewoo Motors accorded OE approval during this year. Production/Volumes were 20% higher than the corresponding period of the previous year.

The Company's future success will depend in being able to deploy the world class manufacturing plants at Taloja, utilising the marketing success of the Standard Furukawa brand and building on the relationships with almost all of the new automotive original equipment manufacturers. The company also needs to implement during the year manufacture of VRLA and motorcycle batteries. The Company is addressing these issues all of which primarily relate to strengthening of the financial resources including for working capital augmentation to ramp up production and sales during the latter half of this year.

RIGHTS ISSUE

The Company made a Rights Issue in May/June 1994 for augmenting working capital resources and for normal capital expenditure. Actual performance versus projections as per SEBI guidelines although not strictly comparable due to change in the financial year is as follows :



	Actuals 31.03.97	Projected 30.09.97
	(Rs. In Crores)	
Net Sales	131.64	154.05
PAT	3.61	20.71
EPS	Rs. 3.49	Rs. 20.03

Reasons for the difference have been explained in the analysis of results and are primarily due to the loss of production by three months in the shifting of Vakola operations to Taloja, initial teething problems inherent in any such projects, cost and time over run in completion of the project leading to additional interest and depreciation costs and lack of adequate working capital.

TOTAL QUALITY MANAGEMENT

TQM activities were continued during the year despite the additional focus to be given for the shifting activities to Taloja. A few projects have been identified for Cost Reduction and are being pursued. Further, ISO 9000 certification and QS9000 certification for Taloja Plant are being pursued.

COLLABORATORS

The Directors place on record their sincere thanks to the Collaborators, Furukawa Battery Co. Ltd., Japan, Oldham, U.K., Oldham S.A., France, Hagen Batterie A.G., Germany and Johnson Controls Inc., (USA) for the co-operation and support received during the year.

INDUSTRIAL RELATIONS

During the year industrial relations remained cordial.

The Company received full co-operation from the Workmen for the shift to Taloja and all issues related to shifting have been successfully resolved.

DIRECTORS

Mr. R. Govindarajan has resigned from the Board with effect from 11th July, 1997. The Board places on record its deep appreciation for the services rendered by Mr. Govindarajan during his tenure as Director of the Company.

Mr. S. C. Joshi has been appointed in the casual vacancy caused by the resignation of Mr. R. Govindarajan. Mr. Joshi represents the Life Insurance Corporation of India on the Board.

Mr. S. K. Oza, retires by rotation in terms of Article 149 and 150 of the Articles of Association and being eligible has offered himself for re-election.

DEPOSITS

The aggregate of deposits held as on 31st March, 1997 was Rs. 1.21 lakhs and these were unclaimed as on that date. Out of the above, four deposits aggregating to Rs. 0.21 lakhs have since been refunded.

SECURED LOANS/DEBENTURES

The Company has since redeemed in full the 4,10,000 Secured Redeemable Non-Convertible Debentures of Rs. 100/- each aggregating to Rs. 4.10 Crores issued in the year 1985.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

In terms of the notification of the Central Government, the necessary particulars in regard to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure-I, forming part of this report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its Registered Office.

AUDITORS

Messrs. Dalal Desai & Kumana, Chartered Accountants, Mumbai and Messrs. R.G.N. Price & Company, Chartered Accountants, Madras, the existing Auditors and Branch Auditors of the Company respectively, retire at the forthcoming Annual General Meeting and are eligible for re-appointment.

As the Financial Institutions, Nationalised Banks and General Insurance Companies hold more than 25% of the subscribed share capital of the Company, the re-appointment of Messrs. Dalal Desai & Kumana, and Messrs. R.G.N. Price & Co., as



Auditors and Branch Auditors of the Company respectively, require the passing of a Special Resolution pursuant to Section 224A of the Companies Act, 1956 which will be proposed at the forthcoming Annual General Meeting.

The Company has obtained from the retiring Auditors, certificates to the effect that their re-appointment, if made, as aforesaid, will be in accordance with the limits specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956.

AUDITORS' OBSERVATIONS

The observations of the Auditors are clarified in the appropriate notes to the Accounts.

ACKNOWLEDGEMENTS

The Directors wish to thank the Government of India and various State Government Authorities, Public Financial

Institutions, the Bankers, Auditors and Solicitors of the Company for the guidance, advice and assistance rendered by them from time to time. The Directors also thank the employees for their continuing co-operation and the shareholders for the support to the Company.

For and on behalf of the
Board of Directors,

Deepak Khaitan
Chairman

Calcutta,

Dated: 27th August, 1997.



Annexure I to Directors' Report

PARTICULARS IN REGARD TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

(A) CONSERVATION OF ENERGY :

Efforts to conserve energy were continued at all locations. The Talaja factory is operating the state-of-the-art design and uses natural lighting and ventilation to a maximum extent. Further propane gas is being used at Talaja in place of LPG eliminating the need to vaporiser during winter and rainy season. Overall saving is approx. Rs.17.00 Lacs p.a.

(B) RESEARCH & DEVELOPMENT :

1. Specific areas in which R&D carried out by the Company. : Development of new products; Product/Process cost optimisation and quality improvement through Innovation design and value engineering technique; New process innovation and improvement in existing process; Import substitution.
2. Benefits derived as a result of the above R & D. : Extension in product range leading to cost effective products which in turn enhance Company's competitiveness and market share.
3. Future plan of action. : Extension of Hybrid range of batteries to cover LCVs; Development of traction batteries by adopting heat sealing technique, development of new range of batteries for OE customers to suit their needs.
4. Expenditure on R & D : (Rs. in Lakhs)
 - a) Capital —
 - b) Recurring 17.27
 - c) Total 17.27
 - d) Total R & D 0.11%
Expenditure as a percentage of total turnover.

Technology absorption, adaptation and Innovation :

1. Efforts in brief made towards technology absorption, adaptation and innovation. : The technology absorbed and adapted from Foreign Collaborators in the earlier years were updated by continuous interaction with them. Further, technology from M/s. Johnson Controls Inc., USA for Ford batteries were absorbed during the year.
2. Benefits derived as a result of the above efforts, e.g. Product Improvement, Cost Reduction, product development, Import Substitution. : Introduction of new products with superior technology, focus on quality for customer satisfaction and cost reduction through better monitoring of various processes.
3. a) Technology Imported. : The Company imported technology from Oldham-France, for Industrial Batteries, Oldham, U.K., for "T" type Mining Batteries. Hagen Batterie, Germany for Submarine Batteries and Furukawa Battery Co. Ltd., Japan for Automotive Batteries.
 - b) Year of Import : 1985-86 onwards.
 - c) Has technology been fully absorbed. : Mostly absorbed except for 2/3 wheeler batteries.
 - d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action. : 2/3 Wheeler batteries will be manufactured at the new Talaja Plant, where suitable facilities have been provided.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. : The Company is exploring new markets in General Currency Areas.
- Total foreign exchange used and earned
- i) Used : Rs. 135.38 Lakhs
 - ii) Earned : Rs. 121.72 Lakhs