



THE STANDARD BATTERIES LIMITED

52ND ANNUAL REPORT 1998-99



Board of Directors

Mr. V. R. Sinha, **Chairman**

Mr. T. R. Swaminathan

Mr. S. C. Joshi

Mr. A. V. Purushothaman

Mr. R. S. Jhawar

Mr. F. J. Guzdar, **Whole-time Director**

Bankers

ANZ Grindlays Bank
Bank of India
State Bank of Mysore

Auditors

Messrs. Dalal Desai & Kumana
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. Udawadia Udeshi & Berjis
Mumbai

Registered Office

11/A, Giri Kunj,
N. S. Patkar Marg,
Mumbai - 400 007
Tel.: No. 3872629-30
Fax: No. 3804967.

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Notice of 52nd Annual General Meeting

Notice is hereby given that Fifty Second Annual General Meeting of the Company will be held as Schedule as below:

DAY : THURSDAY
 DATE : 30th September, 1999
 TIME : 10.30 a.m.
 VENUE : Kohinoor Hall, Kohinoor Corner,
 Opp. Siddhivinayak Mandir,
 Veer Savarkar Marg, Prabhadevi,
 Mumbai 400 025.

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, 1999 and the report of the Directors and Auditors thereon.
2. To elect a Director in place of Mr. T. R. Swaminathan who retires by rotation and being eligible, offers himself for re-election.
3. To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution :

"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 to be decided by the Board of Directors 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 :

4. To appoint a Director in place of Mr. R. S. Jhawar, 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.

By Order of the Board of Directors,
B. N. Shah
 Company Secretary

Mumbai
 Dated: 3rd September, 1999

Registered Office:
 11/A, Girikunj,
 N. S. Patkar Marg,
 Mumbai 400 007.

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 PROXIES, 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. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. Members are requested to bring their Copies of the Annual Report to the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 28th September, 1999 to Thursday, 30th September, 1999.

Annexure to Notice:

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

Item No. 4

Mr. R. S. Jhawar was appointed as a Director of the Company on 3.9.99 by the Board of Directors in accordance with the provision of Section 262 of the Companies Act, 1956 ("the Act") read with Article 135 of the Articles of Association of the Company to fill the Casual vacancy caused by the resignation of Mr. Deepak Khaitan.

Mr. Deepak Khaitan in whose place Mr. R. S. Jhawar 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. R. S. Jhawar holds office as a Director only upto the date of this Annual General Meeting.

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

Your Board recommends the appointment of Mr. R. S. Jhawar as a Director.

Mr. R. S. Jhawar is interested in this resolution since it relates to his own appointment.

By Order of the Board of Directors,
B. N. Shah
 Company Secretary

Mumbai
 Dated: 3rd September, 1999

Registered Office:
 11/A, Girikunj,
 N. S. Patkar Marg,
 Mumbai 400 007.

52ND ANNUAL REPORT, 1998-99

**DIRECTORS' REPORT**

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

52nd Annual Report

Your Directors are pleased to present herewith the 52nd Annual Report of the Company, consisting of the Audited Accounts for the financial year ended 31st March, 1999 together with the Directors' Report and the Auditors' Report thereon.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	31st March 1999	31st March 1998
Turnover	101.99	15536.37
Profit/(Loss) before taxation	(91.65)	(2339.77)
Provision for Taxation	—	—
Profit/(Loss) after Taxation	(91.65)	(2339.77)
Add/Less : Balance in Profit & Loss Account brought forward	(1766.45)	343.84
Withdrawn from Investment Allowance Reserve	—	64.30
Withdrawn from Debenture Redemption Reserve	—	137.58
Withdrawn from Export Allowance Reserve	—	27.60
Transfer from General Reserve	398.04	398.04
Balance of Profit/(Loss) carried to Balance Sheet	(1460.06)	(1368.41)

DIVIDEND

Your Directors regret their inability to recommend any dividend due to the loss incurred by the Company during the year under review.

ANALYSIS OF RESULTS 1998-99

The business undertakings consisting of the entire battery business of the Company was sold/transferred to M/s. Exide Industries Limited (EIL) effective February 16, 1998. Subsequently and during the year under review, the Company's business activities were limited to trading activities.

The pending settlement with the workmen of the erstwhile Datta Samant group is at an advanced stage of finalisation with the help of the office of the Labour Commissioner, Mumbai.

The Company's investment in Cosepa Fiscal Industries Limited has been reassessed and concurrently dues legally contested have been, as a measure of prudence, charged off in the accounts.

The remnant net worth of the company can only be determined after the arbitration proceedings with EIL are over and the aforesaid pending settlement with workmen has been made. The future plans for the Company can then be recommended for approval of the shareholders.



SETTLEMENT WITH EIL

The shareholders are aware that a dispute has arisen with EIL concerning valuation of net Current Assets. The Accounts for the year ended March 31, 1998 which reflect the profit of the Company's business undertakings has been based on the value of net Current Assets at Rs. 18.75 crores. This value which was assigned by a firm of Chartered Accountants was considered unfair and has lead to invocation of the arbitration clause in the agreement signed between EIL and the Company. The Company is desirous of an early settlement of this dispute. However, the Company has been left with no other choice but to pursue arbitration proceedings which are in progress.

DIRECTORS

Mr. Deepak Khaitan resigned from the Board with effect from August 08, 1999. The Board places on record its deep appreciation for the services rendered by Mr. Deepak Khaitan during his tenure as Director of the Company.

Mr. R. S. Jhawar has been appointed as a Director with effect from September 03, 1999 in the casual vacancy caused by the resignation of Mr. Deepak Khaitan.

FUTURE PLAN OF THE COMPANY

Pending finalisation of an Agreement with M/s. Exide Industries Limited and of other related issues, decision with regard to the future disposition of the Company will be recommended for approval to the shareholders in an Extra-ordinary general meeting to be called for this purpose.

DEPOSITS

The aggregate of deposits held as on 31st March, 1999 was Rs. 0.57 lakhs all of which were unclaimed as on that date. Out of the above, deposits aggregating to Rs. NIL lakhs have since been refunded.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

Since the Company has sold its entire business undertaking to Exide Industries Ltd. effective from February 1998, the above particulars are no more relevant.

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.

AUDITORS

M/s. Dalal Desai & Kumana, Chartered Accountants, Mumbai, the existing Auditors of the Company 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, as auditors of the Company 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, certificate 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,

V. R. Sinha
Chairman

Mumbai
Dated: 3rd September, 1999

Annexure I to Directors' Report

PARTICULARS OF EMPLOYEES:

Information under Section 217(2A) for the period 1.4.98 to 31.3.99

part of the year:

Name of Employee	Age	Designation & Nature of duties	Qualifications	Remuneration Received	Experience	Date of Commencement	Last Employment held
Sinha Vibhay R	60 yrs.	Managing Director	B. E. (Mech) MS, USA	Rs. 358,772/-	37 yrs.	1.3.1988	Hindustan Motors Ltd.

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Auditors' Report

To,
The Members of The Standard Batteries Limited

We have audited the attached Balance Sheet of THE STANDARD BATTERIES LIMITED as at March 31, 1999 and the Profit and Loss Account of the Company for the year ended on that date, annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the present activities of the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - 2.1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 2.2 In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - 2.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;
 - 2.4 In our opinion, Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - 2.5 This report is subject to following notes to the accounts:

- a) note 4 regarding accounts having been prepared on "going concern basis" for reasons stated therein;
- b) note 3 regarding profit on sale of undertakings accounted in books being subject to adjustments on final determination of value of net current assets;
- c) note 5 regarding provisions having not been made for liability which may arise on settlement of labour disputes;
- d) note 6 regarding balances in accounts referred to in the said note being subject to confirmation and reconciliation;

The impact of matters referred to in (b) to (d) above, on the operational results of the year and net worth of the company, though likely to be significant, is not presently quantifiable.

- 2.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and the other notes to accounts and subject to matters stated in para 2.5 above, give information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i. in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 1999; and
 - ii. in the case of Profit and Loss Account, of the loss for the year ended on that date.

For and on behalf of
Dalal Desai & Kumana
Chartered Accountants

Vijay N. Bhatt
Partner

Mumbai
Dated: 3rd September, 1999

Annexure to the Auditors' Report

(Referred to in paragraph (1) of our report to the Members of The Standard Batteries Limited on the accounts for the year ended March 31, 1999)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Fixed assets were physically verified by the management during the year. As explained to us, no discrepancies were noticed on such verification. In our opinion, frequency of verification is reasonable.
2. The fixed assets of the Company were not revalued during the year.
3. The Company has not held any stocks during the year as the goods dealt in by the Company were directly despatched to customers. Hence, there are no comments under clauses 4A(iii) to 4A(vi) and 4A(xii) of the Order, regarding physical verification, basis of valuation and system of determining unserviceable or damaged stocks.
4. The Company has not taken or granted any loans secured or unsecured, from/to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
5. Loans or advances in the nature of loans have been given to employees who repaid the principal amounts and interest wherever applicable as stipulated, except in respect of loans of Rs. 13.32 lakhs against which company has made provisions of Rs. 10.70 lakhs in accounts. We are informed that the adequate steps are being taken to recover the balances.
6. In our opinion, internal control procedures for the purchase of traded goods, plant and machinery, equipments and other assets and for the sale of goods were commensurate with the size of the Company and the nature of its business. There were no purchases of stores, raw material and components during the year.
7. There were no transactions for purchase of goods and materials and sale of goods, materials and services made by the Company in pursuance of contracts or arrangements with parties recorded in the register maintained under Section 301 of the Companies Act, 1956.
8. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public.
9. The Company has no internal audit system during the year.
10. The Company has regularly deposited provident fund dues and employees' state insurance dues with the appropriate authorities except for delays in certain cases.
11. There are no undisputed amounts payable in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty which have remained outstanding as at March 31, 1999 for a period of more than six months from the date they became payable.
12. No personal expenses have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. The Company is not a Sick Industrial Company within the meaning of Clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special provisions) Act, 1985.

For and on behalf of
Dalal Desai & Kumana
Chartered Accountants

Vijay N. Bhatt
Partner

Mumbai
Dated: 3rd September, 1999