



THE STANDARD BATTERIES LIMITED



55TH ANNUAL REPORT 2001-2002

**Board of Directors**

Mr. V. R. Sinha, **Chairman**
 Mr. R. S. Jhawar
 Mr. T. R. Swaminathan
 Mr. S. C. Joshi
 Mr. F. J. Guzdar, **Whole-Time Director**

Company Secretary

Mr. B. N. Shah

Bankers

Standard Chartered Grindlays Bank
 Bank of India
 State Bank of Mysore
 Sumitomo Mitsui Banking Corporation

Solicitors

Messrs Crawford Bayley & Co., Mumbai
 Messrs Little & Co., Mumbai

Auditors

Messrs Dalal Desai & Kumana
 Mumbai

Registrars & Share**Transfer Agents**

M/s. IIT Corporate Services Ltd.
 Protoprima Chambers, 3rd Floor,
 Suren Road, Near Cinemagic Theatre,
 Andheri (E), Mumbai - 400 093.
 Tel. No. : 6836790-91, 6835599, 6831416
 Fax : 6835352

Registered Office

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

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NOTICE OF 55TH ANNUAL GENERAL MEETING :

Notice is hereby given that Fifty Fifth Annual General Meeting of the Company will be held as scheduled below.

Day : Friday

Date : 27th September, 2002

Time : 11.00 A.M.

Venue : Khar Gymkhana, 13th Road, Khar (W), Mumbai- 400 052.

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, 2002 and the report of the Directors and Auditors thereon.
- 2) To elect a Director in place of Mr.R.S.Jhawar who retires by rotation and being eligible, offers himself for re-election.
- 3) To elect a Director in place of Mr. T.R.Swaminathan who retires by rotation and being eligible, offers himself for re-election.
- 4) 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, service tax, out of pocket and / or travelling expenses, that they may incur in carrying out their duties."

SPECIAL BUSINESS :-

- 5 To appoint a Director in place of Mr.F.J.Guzdar who was appointed as an Additional Director and who was holding office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 and being eligible, offers himself for re-appointment and in respect of whom the company has received from a Member a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 269,309,311 and other applicable provisions of the Companies Act, 1956 the Company hereby approves the appointment of Mr.F.J.Guzdar as a Wholetime Director of the Company for a period upto 31.03.2003 from 1st October,

2001 on the remuneration set out in the draft Agreement to be executed between the Company and Mr.F.J.Guzdar placed before this meeting and initialed by the Chairman for the purpose of identification."

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

By Order of the Board of Directors

Dated : 25th June, 2002

B. N. SHAH
COMPANY SECRETARY

NOTES :-

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF 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 September 21st, 2002 to September 27th, 2002 (both days inclusive)

ANNEXURE TO NOTICE :**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****ITEM NO.5 & 6**

Mr.F.J.Guzdar was appointed as a Wholetime Director of the Company for a period upto 31.03.2002 from 1st October, 2001 by the Board of Directors at its meeting held on 28th September, 2001 to comply with the provisions of Section 269 of the Act. The remuneration payable to Mr. F.J.Guzdar and other terms of employment are set out in the draft Agreement to be entered into between the Company and Mr.F.J.Guzdar , keeping in view the provisions of Section 269,309,311 and Schedule XIII of the Act. His appointment and remuneration payable to him are subject to the approval of shareholders in the General Meeting.

The Company has received notice in writing from a member under Section 257 of the Act, proposing Mr.F.J.Guzdar's candidature for the office of Director alongwith deposit of Rs.500/- as required by the said Section 257.



The general terms of the draft Agreement between the Company and Mr.F.J.Guzdar referred to in resolution at item no.6 of the notice are as under :

- A. Salary of Rs.37200/- per month
- B. 1% Commission on the net profits of the Company, subject to a ceiling of 50% of the salary or Rs.120000/- per annum whichever is less.
- C. Category A
1. Housing :

Housing- I) The expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of sixty percent of the salary over and above ten percent payable by Mr.F.J.Guzdar.

Housing - II) In case the accommodation is owned by the Company, ten percent of the salary of Mr.F.J.Guzdar shall be deducted by the Company.

Housing -III) In case no accommodation is provided by the Company , Mr.F.J.Guzdar shall be entitled to house rent allowance subject to the ceiling laid down in Housing -I
 2. The expenditure incurred by the Company on gas, electricity , water and furnishings shall be valued as per the Income -Tax Rules, 1962 subject to a ceiling of ten percent of the salary.
 3. Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 4. Leave Travel Concession : For self and family once in a year incurred in accordance with the rules specified by the Company.
 5. Club Fees: Fees of clubs subject to a maximum of two clubs . This will not include admission and life membership fees.
 6. Personal Accident Insurance : Premium not to exceed Rs.6000/- per annum.

Explanation : For the purpose of Category A, "Family" means the spouse, dependent children and dependent parents of Mr.F.J.Guzdar.

Category B

1. Contribution to Superannuation Fund or annuity fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.
2. Gratuity payable should not exceed half month's salary for each completed year of service.

3. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category C

1. Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance call on telephone and use of car for private purpose shall be billed by the Company to Mr.F.J.Guzdar.

The maximum ceiling of perquisites under Category A will be restricted to an amount equivalent to the annual Salary or Rs..450000/- per annum, whichever is less.

- D. The Wholetime Director is also entitled to privilege leave of one month for every eleven months of service.
- E. Mr.F.J.Guzdar shall also be entitled to attend the meeting of the Board of Directors or any committee thereof from the date of appointment but no sitting fees shall be paid to him.
- F. Mr.F.J.Guzdar shall be paid the aforesaid remuneration by way of salary and perquisites (except commission) as aforesaid as minimum remuneration, notwithstanding that in any financial year of the Company during the aforesaid period, the Company has made no profit or the profits are inadequate.
- G. Mr.F.J.Guzdar shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

A copy of the draft agreement between the Company and Mr.F.J.Guzdar referred to at Item No.6 of the notice will be open for inspection by the members between 11.00 a.m. and 3.00 p.m. on any working day of the Company, at its Registered office.

Mr.F.J.Guzdar has over 35 years of experience in the field of finance. He has worked with the Company as Vice President (Finance) from 1989 and as Vice President (Corporate) since, 1997. He has also served the Company as a Wholetime Director from 1.10.1998 to 31.07.2001. Your Directors feel that the Company would immensely benefit from the aforesaid wide and varied experience possessed by Mr.F.J.Guzdar. Your Board accordingly recommends his re-appointment.

Mr. F.J.Guzdar is interested in the resolution at Item Nos.5 & 6 of the notice since they relate to his own appointment.

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

By Order of the Board of Directors

Dated : 25th June, 2002

B. N. SHAH
COMPANY SECRETARY



55TH ANNUAL REPORT 2001-2002

DIRECTORS' REPORT

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

55TH ANNUAL REPORT

Your Directors are pleased to present herewith the 55th Annual Report of the Company, consisting of the Audited Accounts for the financial year ended 31st March, 2002 together with the Directors' report and the Auditors' report thereon.

FINANCIAL RESULTS :

	(RS. IN LAKHS)	
	31 st March 2002	31 st March 2001
Sales & Services	2.02	0.15
Other Income	94.26	113.73
	96.28	113.88
Less: Expenses	134.32	102.18
Profit & (loss) before taxation	(38.04)	11.70
Provision for taxation	—	—
Profit & (loss) after taxation	(38.04)	11.70
Less: Extra Ordinary Items		
Labour settlement Expenses	53.58	420.52
	15.54	(408.82)
Add/Less : Balance in Profit and Loss Account b/f	(2256.75)	(1845.78)
Prior Period Adjustment	—	(2.15)
Transfer from General Reserve	398.04	398.04
Less: Adjustment against Reduction in Paid up Equity Share Capital	982.51	—
Balance of Profit / (Loss) carried to Balance Sheet	(860.66)	(1858.71)

DIVIDEND :

Your Directors regret their inability to recommend any dividend during the year under review.

ANALYSIS OF RESULTS 2001-2002 :

At the last Annual General Meeting of the Company, the share holders had approved inter-alia, the Company's foray into trading activities. As a corollary to this, the Company commenced trading activities with a turnover of approximately Rs.2 lakhs during the year. The Quantum of turnover in this line of business is expected to increase in the following year.

LABOUR DISPUTE :

As reported in the previous year, an agreement dated 23.10.2000 was signed with the Standard Batteries Employees' Union in regard to settlement with dismissed workmen. Under terms of this Agreement, the Company paid these workmen two third of the amount due to them. The balance one third became payable as and when the Union/Workmen withdrew the cases filed by them against the Company. The Union/Workmen despite having agreed to do so, have so far not withdrawn these cases. As a consequence, the balance one third dues have not been paid by the Company.

FUTURE PLANS OF THE COMPANY :

The Company plans to diversify further into trading activities.

REDUCTION OF SHARE CAPITAL :

Subsequent to the passing of special resolution by the members at the 54th Annual General Meeting of the Company held on 28th September, 2001, the High Court of Judicature at Mumbai has passed the order on 21.12.2001 confirming the reduction in paid-up Capital of the Company from Rs.1034.22 lakhs (represented by 1,03,42,250 Equity shares of Rs.10/- each) to Rs.51.71 lakhs (represented by 1,03,42,250 Equity shares of Re.0.50 each)

The said Order and minutes approved by the Court has been registered with Registrar of Companies, Maharashtra, Mumbai and a Certificate of Registration of Order of Court confirming reduction of capital vide letter dated 5th February, 2002 has been issued by them.

DIRECTORS :

Mr.R.S.Jhawar and Mr.T.R.Swaminathan retire by rotation, but being eligible, offer themselves for re-election.

Mr.F.J.Guzdar had resigned from the office of the Wholetime Director w.e.f August 01, 2001. However he was re-appointed as a Wholetime Director w.e.f October 01, 2001 for a period upto March 31, 2003 at the Board meeting held on September 28, 2001 subject to the approval of the members at the General Body meeting to comply with the provision of Section 269 of the Companies Act, 1956.

Mr.R.M.Solanki has resigned as a Director w.e.f 21st June, 2002. The Board would like to record its appreciation for the valuable services rendered by Mr. Solanki as a Director on the Board of the Company.

**DEPOSITS :**

The aggregate of deposits held as on 31st March, 2002 was Rs.0.57 lakhs, all of which were unclaimed as on that date. Out of the above, no deposits have 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 :

No employee is covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended and as such there is nil information to submit.

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 to 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 M/s. 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 limit specified in Sub-section (1-B) of Section 224 of the Companies Act, 1956.

DEPOSITORY SYSTEM :

As advised in the Directors' Report for the previous year, the Company has already joined the depository system and number allotted to the Company's Equity Shares was **ISIN INE502C01013**. However, subsequent to the reduction in the paid up capital of the Company, the new number allotted by NSDL is **ISIN INE502C01021** (Face value of Re.0.50 each) effective April 04, 2002.

CORPORATE GOVERNANCE :

Since the Company's paid up capital now stands reduced to Rs.51.71 lakhs, your Company does not come under the preview of amended clause 49 of the listing agreement of Corporate Governance. However, the Company has been practising the

principles of good corporate governance over the years and it is committed to follow sound systems to support healthy business growth.

DIRECTORS' RESPONSIBILITY STATEMENT :

Directors hereby confirm :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the period ;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities,
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

SECRETARIAL COMPLIANCE CERTIFICATE :

The Compliance certificate in terms of provisions of Section 383A is attached hereto.

AUDITOR'S OBSERVATIONS :

The observation 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 shareholders for their continued support to the Company.

For and on behalf of the
Board of Directors,

Mumbai
Dated : 25th June, 2002

V. R. SINHA
CHAIRMAN



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, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto (together referred to as "financial statements"). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred above, we report that:

- a. 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;
- b. 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 ;
- c. the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
- d. in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of the written representations received from the directors, other than the nominee directors appointed by The Life Insurance Corporation of India and The General

Insurance Corporation of India, who are not liable to be disqualified from appointment as directors, we report that except for Mr. V. R. Sinha, none of the directors is disqualified as on March 31, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956. In respect of Mr. V. R. Sinha, the Company has received an intimation advising that a company of which he is a director, has defaulted in redeeming debentures issued by it, and accordingly, being a default of the nature referred to in clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, he is disqualified as at March 31, 2002 from being appointed as a director of any other public limited company.

- f. this report is subject to following:
 - a) Note 4 regarding accounts having been prepared on a "going concern basis" for reasons stated therein;
 - b) Note 6 regarding balances in accounts referred to in the said note, being subject to confirmation and reconciliation as at the balance sheet date.
- The impact of matters referred to in point (f) above is not quantifiable, and accordingly, the effect thereof on the financial statements cannot be ascertained.
- g. in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with significant accounting policies and the other notes to accounts, particularly note 5 regarding disputed sales tax demands and note no 5 (of the additional information schedule) regarding appointment and remuneration of the whole time director being subject to approval by shareholders, and subject to matters stated in paragraph (f) above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2002; and
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For Dalal Desai & Kumana
Chartered Accountants

Mumbai,
Dated : June 25, 2002

Vijay N. Bhatt
Partner