



THE STANDARD BATTERIES LIMITED



56TH ANNUAL REPORT 2002 - 2003



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Board of DirectorsMr. V. R. Sinha , **Chairman**

Mr. R. S. Jhavar

Mr. T. R. Swaminathan

Mr. S. C. Joshi

Mr. F. J. Guzdar, **Whole-Time Director****Company Secretary**

Mr. B. N. Shah

Solicitors

Messrs. Crawford Bayley & Co., Mumbai

Messrs. Little & Co., Mumbai

Bankers

Standard Chartered Bank

Bank of India

State Bank of Mysore

Sumitomo Mitsui Banking Corporation

Auditors

Messrs Dalal Desai & Kumana

Mumbai

Registered Office

11/A, Girikunj,

N. S. Patkar Marg,

Mumbai - 400 007.

Tel. No. : 2387 2629-30

Fax No. : 2380 4967

**Registrars & Share
Transfer Agents**

M/s. IIT Corporate Services Ltd.

Protoprima Chambers, 3rd Floor,

Suren Road, Near Cinemagic Theatre,

Andheri (East), Mumbai - 400 093.

Tel. No. : 2683 5599, 2683 1416

Fax No. : 2684 8375

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NOTICE OF 56TH ANNUAL GENERAL MEETING:

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

Day : Monday

Date : 29th September, 2003

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, 2003 and report of the Directors and Auditors thereon.
- 2) To elect a Director in place of Mr. F.J.Guzdar 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, out of pocket and / or travelling expenses that they may incur in carrying out their duties."

Special Business :-

4. 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 Wholtime Director of the Company for a period upto 31.03.2006 from 1st April, 2003 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."
5. To approve Voluntary Delisting of the Company's Equity Shares from the Stock Exchanges at Kolkata and Chennai.

To consider and, If thought fit, to pass with or without modification(s), the following as a Special Resolution :

"RESOLVED THAT in term of the guidelines issued by the Securities and Exchanges Board of India (SEBI), and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permission and sanction, which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the Board"), consent be and is hereby accorded to "the Board" to delist the Company's Equity Shares from The Calcutta Stock Exchange Association Ltd, Kolkata, Madras Stock Exchange Ltd, Chennai at such time as the Board may in its absolute discretion, consider appropriate and on terms and condition as may be stipulated and/or mutually agreed to in the best interests of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such act, deeds matters and thing as may be considered necessary, usual or expedient to give effect to the above resolution."

Registered Office:

11/A, Girikunj,

N.S.Patkar Marg,

Mumbai- 400 007.

By order of the Board of Directors

B.N.SHAH

COMPANY SECRETARY

Dated:- 25th August, 2003

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 shares transfer books of the Company will remain closed from September 22nd, 2003 to September 29th, 2003 (both days inclusive)

ANNEXURE TO NOTICE :**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956****Item No.4**

Mr. F.J.Guzdar was re-appointed as Wholtime Director of the Company for a period upto 31.03.2006 from 1st April, 2003 by the Board of Directors at its meeting held on the 31st January, 2003 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 the remuneration payable to him are subject to the approval of shareholders at the General Meeting. The general terms of the draft Agreement between the Company and Mr.F.J.Guzdar referred to in resolution at Item No.5 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

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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 month's salary over a period of the 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 the category A, "Family" means the spouse, the 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 calls 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 for 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.4 of the notice will be open for inspection to 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 already served the Company as a Wholetime Director from 1.10.1998 to 31.07.2001 & 1.10.2001 to 31.03.2003. 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 No.4 of the notice since it relates to his own appointment.

5. The Company's Equity Shares are presently listed on the Stock Exchanges at Mumbai, Kolkata & Chennai.

SEBI has brought out revised guidelines in February 2003 regarding voluntary delisting of shares. According to the revised guidelines, your Company may delist from any one or more Stock Exchanges where the Company's Equity Shares are listed, provided the Company's Equity shares are listed on either The Stock Exchange, Mumbai or The National Stock Exchange of India Ltd.

With the networking of various centres of The Stock Exchange, Mumbai the members of the Company have access to online dealings in the Company's shares from any locations across the country.

The trading volumes on the Stock Exchanges at Kolkata & Chennai have been very thin / negligible and no extra benefits are available to the shareholders of the Company by continuing the listing of the Company's Equity Shares on these Exchanges. The proposed delisting from these two Exchanges will not adversely affect any investor including the members located in regions where the above two Stock Exchanges are situated.

Apart from financial saving, the proposed delisting will also reduce the repetitive statutory compliances, procedures and formalities.

The Board, after careful consideration, has decided, subject to the approval of the shareholders, to delist the Company's Equity Shares from the Kolkata & Chennai Stock Exchanges.

As required under SEBI Regulations for voluntary delisting by the Company, Members' approval by a special resolution is required for this purpose and hence the proposed resolution under Item 5 above.

The above resolution is in the interest of the Company and therefore, commended by the Board for approval by the shareholders.

None of the Directors of the Company is concerned and / or interested in this resolution.

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

By Order of the Board of Directors,

Dated: 25th August, 2003

B. N. SHAH
COMPANY SECRETARY



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DIRECTORS' REPORT

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

56TH ANNUAL REPORT:

Your Directors are pleased to present herewith the 56th Annual Report of the Company, consisting of the Audited Accounts for the financial year ended 31st March, 2003 together with the Directors' report and the Auditors' report thereon.

FINANCIAL RESULTS

	(Rs. In 000)	
	31st March 2003	31st March 2002
Sales & Service	213	202
Other Income	15323	9426
	15536	9628
Less: Expenses	17351	13432
Profit & (loss) before taxation	(1815)	(3804)
Provision for taxation (for earlier years)	194	—
Profit & (loss) after taxation	(2009)	(3804)
Less: Extra Ordinary Items	—	5358
Labour Settlement Expenses	—	5358
	(2009)	1554
Add/(Less): Balance in Profit and Loss Account b/f	(125870)	(225675)
Transfer from General Reserves	39804	39804
Less: Adjustment against Reduction in paid up equity share capital	—	98251
Balance of Profit / (loss) carried to Balance Sheet	(88075)	(86066)

DIVIDEND :

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

ANALYSIS OF RESULTS 2002-2003 :

As approved by the Shareholders at the last AGM, the Company made its initial foray into commodity trading. A turnover of Rs.2.13 lacs was achieved during the year from sale of black teas.

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 :

Apart from Trading activities the Company is examining other avenues of business to provide value addition to stake-holders.

DIRECTORS :

In terms of Articles 148 & 149 Mr. V. R. Sinha retires by rotation on the day of Annual General Meeting i.e. on 29th, September, 2003. However he has expressed his desire not to seek re-election.

Mr.F.J.Guzdar retires by rotation, but being eligible, offers himself for re-election.

Mr.F.J.Guzdar has been re-appointed as a Wholtime Director w.e.f. 1st April, 2003 for a period upto March 31, 2006 at the Board Meeting held on January 31, 2003 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.

DEPOSITS :

Company has deposited Rs. 53,000/- being unclaimed deposit into Govt. Treasury by payment to Punjab National Bank in favour of The Pay and Account Officer, Department of Company Affairs, Mumbai as per the provision of Rule 3 of the Investor education and protection fund (awareness and protection of investors) Rule, 2001 on 6.01.2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING :

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 provision 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 224 A of the Companies Act, 1956 which will be proposed at the forthcoming Annual General Meeting.

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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.

CORPORATE GOVERNANCE :

Since the Company's paid up equity capital now stands reduced to Rs. 51.71 lakhs, your Company does not come under the purview of amended clause 49 of the listing agreement of Corporate Governance. However, the Company has been practicing 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 judgments 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 provision of Section 383 A is attached hereto.

AUDITORS' OBSERVATIONS :

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

ACKNOWLEDGMENTS :

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 August, 2003

V.R.SINHA
CHAIRMAN

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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, 2003, and also the profit and loss account and the cash flow statement 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 the 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, 1998 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the balance sheet, profit and loss account and cash flow statement 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, as on March 31, 2003 and taken on record

by the Board of Directors, other than the Nominee Director appointed by The Life Insurance Corporation of India, who is not liable to be disqualified from appointment as Director, we report that except for Mr. V. R. Sinha, none of the Directors are disqualified as on March 31, 2003 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 of March 31, 2003 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. Except as stated in paragraph (f) above, 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, 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, 2003; and
- ii. In the case of the profit and loss account, of the loss for the year ended on that date.
- iii. In the case of cash flow statement, of the cash flows for the year ended on that date.

For **Dalai Desai & Kumana**
Chartered Accountants

Mumbai
Dated : June 25, 2003

Vijay N. Bhatt
Partner