



THE STANDARD BATTERIES LIMITED



59TH ANNUAL REPORT 2005 - 2006

**Board of Directors**Mr. V. R. Sinha, **Chairman**

Mr. T. R. Swaminathan

Mr. R. S. Jhawar

Mr. B. C. Das

Mr. F. J. Guzdar, **Whole-Time Director****Bankers**

Bank of India

HDFC Bank

ICICI Bank

**Auditors**Messrs B.K. Khare & Co.  
Mumbai**Registrar & Share  
Transfer Agents**

M/s Sharepro Services

Satam Estate, 3rd flr., Above Bank of Baroda,  
Cardinal Gracious Road, Chakala,  
Andheri (E), Mumbai 400099.

Tel. No. : 2821 5168, 2834 8218

Fax No. : 2837 5646

**Solicitors**

Messrs. Little &amp; Co., Mumbai

Govind Desai Associates, Mumbai

**Registered Office**

11/A, Girikunj,

N. S. Patkar Marg,

Mumbai - 400 007.

Tel. No. : 2387 2629-30

Fax No. : 2380 4967



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## 59th ANNUAL REPORT, 2005 - 2006

**Notice of Annual General Meeting:**

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

Day : Friday

Date : 29<sup>th</sup> September, 2006

Time : 11.00 A.M.

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

The Agenda for the meeting will be as under:

1) To receive consider and adopt the Audited Statement of Accounts for the financial year ended 31st March, 2006 and report of the Directors and Auditors thereon.

2) To elect a Director in the place of Mr.T.R.Swaminathan who retires by rotation and being eligible, offers himself for reelection.

3) To consider and, if thought fit to pass, with or without modification, the following resolution as a special resolution

"RESOLVED that Messrs. B. K. Khare & Company, 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 traveling 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 as an ordinary resolution.

"Resolved that Mr.V.R.Sinha, an additional Director of the Company, who holds office upto the date of this meeting u/s 262 of the Companies Act, 1956, read with Articles of Association of the Company but being eligible, offers himself for 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.

5) To consider and, if thought fit, to pass, with or without modification the following 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 of one year from 01.04.2006 to 31.03.2007 on a remuneration set out in the draft agreement to be executed between the Company and Mr.F.J.Guzdar placed before this meeting and initialled by the Chairman for the purpose of identification.

By order of the Board of Directors

Registered Office:

11/A, Girikunj,

N.S.Patkar Marg,

Mumbai - 400 007

Dated:- 30th June, 2006

**F.J. GUZDAR**  
DIRECTOR

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) Members are requested to bring their copies of the Annual Report to the meeting.

3) The register of members and share transfer books of the Company will remain closed from September 22, 2006 to September 29, 2006 (both days inclusive)

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

Mr.V.R.Sinha was appointed as an additional Director of the Company on 10.02.2006 by the Board of Directors in accordance with the provisions of Section 262 of the Companies Act, 1956 ("the Act") read with Article 135 of the Articles and Association of the Company.

He would have held office 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.V.R.Sinha 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.V.R.Sinha as a Director.

Mr.V.R.Sinha is interested in this resolution since it relates to his own appointment.

**Item No.5:**

Mr.F.J.Guzdar was re-appointed as a Wholetime Director of the Company for a period upto 31.03.2007 from 01.04.2006 by the Board of Directors at its meeting held on the 10.02.2006 to comply with provision 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 Sections 269, 309, 311 & Schedule XIII of the Act. His appointment and the remuneration payable to him are subject to the approval of shareholders of the Company at the general meeting.

The general terms of the draft agreement between the Company and Mr.F.J.Guzdar referred to in resolution in item no.5 of the notice are as under.

**A. REMUNERATION:**

Salary of Rs. 42780/- per month.

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**B. COMMISSION:**

1% commission on the net profit of the Company, subject to a ceiling of 50% of the salary or Rs.120000/- per annum whichever is less.

**C. BENEFITS, PERQUISITES AND ALLOWANCES :****Category A**

## 1. Housing:

- Housing - I) The expenditure by the Company on hiring furnished accommodation will be subject to the ceiling of sixty percent of the salary over and above ten percent payable by Mr. Farok J. Guzdar.
- Housing - II) In case the accommodation is owned by the Company, ten percent of the salary of Mr. Farok J. Guzdar shall be deducted by the Company.
- Housing - III) In case no accommodation is provided by the Company, Mr. Farok 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 furnishing shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% 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 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.
7. Contribution to Differed Annuity @ 1.5% of the Salary.  
Explanation : For the purpose of the category A, "Family" means the spouse, the dependent children and dependent parents of Mr.Farok J. Guzdar.

**Category B**

1. Contribution to Differed Annuity 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. The Company shall not be liable to pay contribution to provident fund and gratuity.

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 company maintained car with driver for use on company's business and personal use and telephone at residence will not be considered as perquisites.
- The maximum ceiling of perquisites under category A will be restricted to an amount equivalent to the annual Salary or Rs. 525,000/- per annum , whichever is less.
- D. Mr.Farok J. Guzdar is also entitled for privilege leave of one month for every eleven months of service.
- E. Mr.Farok 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.Farok 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.Farok 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.5 of the notice will be open for inspection by 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 & 01.04.2003 to 31.03.2006 . 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.5 of the notice since it relates to his own appointment.

Registered Office:  
11/A, Girikunj,  
N.S.Patkar Marg,  
Mumbai- 400 007  
Dated: 30<sup>th</sup> June 2006

By Order of the Board of Directors,

F. J. GUZDAR  
DIRECTOR



## 59th ANNUAL REPORT, 2005 - 2006

**DIRECTORS' REPORT**

To the members of THE STANDARD BATTERIES LIMITED

**59<sup>th</sup> ANNUAL REPORT**

Your Directors are pleased to present herewith the 59<sup>th</sup> Annual Report of the Company consisting of the Audited Accounts for the financial year 31<sup>st</sup> March 2006 together with the Directors' Report and Auditors' Report thereon.

**FINANCIAL RESULTS**

	2005-06	(Rs. in 000) 2004-05
Sales & Service	474	941
Other Income	5024	7765
	<u>5498</u>	<u>8706</u>
Less : Expenses	6333	7377
Profit & (loss) before taxation	(835)	1329
Provision for taxation (Fringe Benefit Tax)	79	—
Exceptional items (net )	—	(300)
	<u>(914)</u>	<u>1029</u>
Profit (loss) for the year	(914)	1029
Add/(Less): Balance in Profit & Loss Account b/f	(123385)	(124414)
Less: General Reserve	39804	39804
	<u>Balance of Profit/(Loss) carried to Balance Sheet</u>	<u>(84495)</u>
		(83581)

**DIVIDEND**

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

**ANALYSIS OF RESULTS 2005-06**

Turnover during the year under review amounted to Rs.4.74 lakhs. Loss for the year amounting to Rs.9.14 lakhs is mainly due to reduced interest income on account of payments made to Income Tax Department against recovery of disputed tax demands. The total contingent liabilities of the Company are Rs.6.36 crores. Management is actively pursuing resolution of issues pertaining to these contingent liabilities. Consequent to the resolution, Directors' shall recommend any additional business venture for your approval.

**DIRECTORS**

In terms of Articles 148 & 149 of Articles of Association of the Company, Mr. T.R. Swaminathan retires by rotation but being eligible, offers himself for re-election.

Mr. V.R. Sinha has been appointed as a Additional Director w.e.f.10.02.2006.

**DEPOSITS**

The Company has not accepted any public deposit during the financial year and, as such, has no outstanding as on 31.03.2006

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS**

Since the Company has sold its Industrial undertakings to Exide Industries Ltd., effective 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. B.K.Khare & Co., 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 Institution, Nationalised Bank and General Insurance Companies hold more than 25% of the subscribed share capital of the Company, the appointment of M/s. B. K. Khare & Company 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 (I-B) of section 224 of the companies Act, 1956.

**CORPORATE GOVERNANCE**

A separate report on Corporate Governance is enclosed as a part of Annual Report of the Company. A certificate of the Practising Company Secretary regarding compliance of Corporate Governance as stipulated under Clause 49 of the listing agreement is annexed to the Report on Corporate Governance.

**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 departure;
- (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.

**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 : 30th June 2006

V. R. Sinha  
Chairman

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**REPORT ON CORPORATE GOVERNANCE:****CORPORATE GOVERNANCE PHILOSOPHY :**

The Management of The Standard Batteries Ltd have always believed that Corporate Governance is the process which will be useful for Directing and Managing the affairs of the Company with the ultimate objective of realising long term shareholder value whilst taking into account the interest of other stakeholders.

**1. BOARD OF DIRECTORS :****A. Composition:**

The business of the Company is managed by the Wholtime Director subject to the superintendence and direction of the Board of Directors. The Composition of the Board of Directors of the Company is in conformity with the code of Corporate Governance under the Listing Agreement. Details of the Board of Directors of your Company as on 31.03.2006 are given below :

Sr. No.	Name of the Director	Executive/ Non-Executive/ Independent	No. of other Director-ships held (excluding **)	Committee Membership # (excluding **)	
				As Chairman/ Chairperson	As Member
1	Mr. V.R.Sinha	Chairman	2	—	1
2	Mr. T.R.Swaminathan	Non-Executive	3	5	4
3	Mr. R. S. Jhawar	Non-Executive	9	1	4
4	Mr. F.J.Guzdar	Executive	1	—	—
5	Mr. B.C.Das (LIC Nominee)	Non-Executive	—	—	—

\*\* Foreign companies and companies under section 25 of the Companies Act 1956

# Only three committees i.e. Audit committee, Shareholders/ Investors grievances committee and Remuneration Committee are considered for this purpose.

B: Five Board Meetings were held during the financial year 2005-2006. They were held on 10.05.2005, 22.06.2005, 29.09.2005, 22.11.2005 & 10.02.2006.

Attendance		
Name of the Director	Board Meetings	Whether attended AGM held on September 29, 2005
Mr. T.R.Swaminathan	5	YES
Mr. R. S. Jhawar	2	No
Mr. F.J.Guzdar	5	YES
Mr. B.C.Das (LIC Nominee)	5	YES
Mr. V.R.Sinha *	N.A	N.A.

\* Mr.V.R.Sinha has been appointed as a Additional Director on 10.02.2006

**2. Audit Committee:****A. Composition:**

The Audit Committee was formed at the Board meeting held on 22.11.2005 in view of the applicability of the provisions of Corporate Governance of Clause 49 of listing agreement w.e.f. 01.01.2006

1. Mr. T.R.Swaminathan - Chairman
2. Mr. F.J.Guzdar – Wholtime Director
3. Mr.B.C.Das (LIC Nominee)

**B. Brief description of terms of reference:**

The broad terms of reference of the Audit Committee are as under :

- To investigate any activity within its terms of reference.
- To seek information from any employee
- To obtain outside legal or other professional advices.
- To seek attendance of outsiders with relevant expertise, if considered necessary.
- Review of Company's financial reporting process.
- Review of half yearly and annual financial statement, before submission to the Board.
- Review with External Auditors, on areas of concern.
- Review the adequacy of internal control systems.
- To review whistle blower policy & Code of ethics and conducts.

Date of Audit Committee Meeting held and attended by the Members	T.R.Swaminathan	F. J. Guzdar	B. C. Das
10.02.2006	Present	Present	Present

**3. REMUNERATION COMMITTEE:****A. Composition:**

The Remuneration Committee comprises of independent Directors, Mr. T.R.Swaminathan - Chairman and Mr. R.S.Jhawar, as member and was formed at the Board meeting held on 22.11.2005 in view of the applicability of the provisions of Corporate Governance of Clause 49 of listing agreement w.e.f. 01.01.2006, with the following terms of reference:

- i) to determine and recommend to the Board of Directors the remuneration package of the Wholtime Director including periodical revisions therein,
  - ii) to approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Wholtime Director within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.
  - iii) To recommend sitting fees / remuneration payable to the non-executive Directors.
- One Meeting of the Committee was held during the period on 10.02.05 .

Attendance of Members was as follows :-

Members	No. of Meetings attended
Mr. T.R.Swaminathan	1
Mr. R. S. Jhawar	1

**Stock option scheme :** The Company does not have any Employee Stock Option Scheme.

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**B. Remuneration Policy:**

The remuneration of the Wholetime Director is determined by the Board within the statutory limits on the basis of recommendation of the Remuneration Committee, subject to shareholders' approval and Central Government approval if required.

The Details of Remuneration paid to the Wholetime Director for the period ended 31<sup>st</sup> March, 2006 is as follows :

(Rs. in Lakhs)

Name of the Wholetime Director	Salary	Perquisites	Contribution to Retirement Funds	Total	Tenure as per service contract	Notice period
Mr. F.J.Guzdar	4.46	0.63	—	5.09	One year	3 months

The details of remuneration paid to Non-Executive Directors during the year are as follows:

(in Rs.)

Name of the Director	Sitting Fees paid for Board meetings	Sitting Fees paid for Committee meetings
Mr. T.R.Swaminathan	2500	1000
Mr. R. S. Jhavar	1000	500
Mr. F.J.Guzdar	Nil	Nil
Mr. B.C.Das (LIC Nominee)	2500	500
Mr.V.R.Sinha	N.A	N.A.

The agreement with the Wholetime Director is for a period of one year, notice period is of 3 months and Service Contract is from 1<sup>st</sup> April, 2006.

**4. Committee for the shareholders:****SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**

The shareholders' and investors' grievance committee comprise of

Mr. T.R.Swaminathan  
Mr. F.J.Guzdar

Mr. B.N.Shah, Company Secretary and the compliance officer till 11.09.05 looked into shareholders' grievances on a day-to-day basis. Mr.F.J.Guzdar, Wholetime Director is now the Compliance officer w.e.f 12.09.2005 in view of the resignation of Mr.B.N.Shah, Company Secretary w.e.f 12.09.2005

The Committee looks into redressal of investor's grievances, various matters relating to the transfer and transmission of shares, issue of duplicate share certificates, approving of split and consolidation requests non-receipt of annual report, and other matters relating to transfer and registration of shares, complaints of investors routed by SEBI/Stock Exchanges, amounts transferable to Investor Education and Protection Fund, Secretarial Audit, as well as matters such as transfer, transmission, dematerialization and rematerialisation of shares. In addition, the committee also looks into matters which can

facilitate better investor services and relations.

The power to approve share transfer/transmission as well as the dematerialization and/or rematerialisation is with the Share Transfer Committee. All physical transfers as well as the requests for dematerialization/rematerialisation are processed in fortnightly cycles.

All valid requests for share transfers received during the year have been acted upon and there were no shares pending for transfer as on March ,31' 2006.

a.	No of complaints received from Stock Exchange/ SEBI/ Investors	Nil
b.	No. of complaints resolved/ no action taken	Nil
c.	No. of pending share transfers as on 31-03-2006	Nil

**5. GENERAL BODY MEETING:****A. Annual General Meeting :**

The Annual General Meeting of the shareholders of the Company for the last 3 years were held as under :

Year	Location	Date	Time
2004-05	Khar Gymkhana, Khar, Mumbai.	29.09.05	11.00a.m.
2003-04	Khar Gymkhana, Khar, Mumbai.	28.09.04	11.00a.m.
2002-03	Khar Gymkhana, Khar, Mumbai.	29.09.03	11.00a.m.

No resolution was put through by Postal Ballot, during last year.

**6. Disclosures:**

There are no related party transactions.

There are no non-compliance, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authorities on any matter related to the capital market.

**7. Means of Communication:**

Quarterly and half yearly results are published in National and Regional News papers in English Free Press Journal and Regional language Marathi Navshakti . The Annual accounts are mailed to every shareholder of the Company.

**8. General shareholder information:****i) Next Annual General Meeting**

DATE - 29<sup>th</sup> September 2006  
TIME - 11.00 a.m.  
VENUE - Khar Gymkhanan,  
14 Road, Khar (W), Mumbai - 400052

**ii) FINANCIAL CALENDAR : (tentative) for the year 2006-2007**

a) First Quarter Results - Last week of July , 2006  
b) Second Quarter Results- Last week of October, 2006  
c) Third Quarter Results - Last week of January, 2007  
d) Results for the year - June 2007  
ending March , 2007  
Date of Book Closure - 22.9.06 to 29.9.06

**iii) Dividend Payment Date - Not Applicable**