

**Directors**

Sri. N. Gopalaratnam (Chairman)  
Dr. G.A. Pathanjali (Managing Director)  
Sri. T. R. Sivaraman ( Director - Finance)  
Sri. R. Vaidyanathan  
Sri. A.L. Somayaji  
Cmde R.P. Prem Kumar, VSM, (Retd.)  
Sri. Rajkumar (Nominee of LIC)

**Nomination cum Remuneration Committee**

Sri. A.L. Somayaji (Chairman)  
Cmde R.P. Prem Kumar, VSM, (Retd.)  
Sri. Rajkumar (Nominee of LIC)

**Shareholders /  
Investors Grievance Committee**

Sri. N. Gopalaratnam (Chairman)  
Sri. R. Vaidyanathan  
Dr. G.A. Pathanjali

**Secretary**

Sri. S.V. Raju

**Auditors**

M/s. R. Subramanian and Company  
Chartered Accountants  
No.6, (Old No.36) Krishnaswamy Avenue,  
Luz, Mylapore,  
Chennai - 600 004.

**Internal Auditors**

M/s. Maharaj N.R. Suresh & Co.,  
Chartered Accountants  
No.9, (Old No.5) II Lane, II Main Road,  
Trustpuram, Kodambakkam,  
Chennai - 600 024.

**Cost Auditor**

Mr. S. Hariharan  
“Sri Sapthagiri Homes” S-2, II Floor,  
Pulimandapam Road,  
Srirangam,  
Trichy - 620 006.

**Bankers**

UCO Bank  
Canara Bank  
Indian Bank

**Registered Office**

“Esvin House”,  
13, Old Mahabalipuram Road,  
Perungudi,  
Chennai - 600 096.  
Phone : 91- 44 - 24960335 / 39279318  
Email : investor@highenergyltd.com  
Web : www.highenergy.co.in

**Corporate Identity Number**

L36999TN1961PLC004606

**Plant**

Pakkudi Road, Mathur - 622 515  
Pudukkottai District.  
Phone : 91- 431 - 2660323 / 2660324  
Email : info@highenergyltd.com

**Registrar & Transfer Agent**

M/s. Cameo Corporate Services Ltd.  
“Subramanian Buildings”, 5th Floor,  
No.1, Club House Road,  
Chennai - 600 002.

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## NOTICE TO THE SHAREHOLDERS

**N**otice is hereby given that the 53<sup>rd</sup> Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M on Monday, the 21<sup>st</sup> July 2014 at **New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004**, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2014 including Audited Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri N Gopalaratnam (holding DIN 00001945) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. R Subramanian and Company, Chennai (ICAI Registration No.004137S) as statutory auditors of the Company and fix their remuneration.

“RESOLVED THAT M/s. R Subramanian and Company, Chartered Accountants, Chennai (bearing Registration No.004137S), the retiring Auditors be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting for a period of Three years (until the conclusion of 56<sup>th</sup> Annual General Meeting) on a remuneration of ₹ 4,00,000/- (Rupees Four Lakhs only) p.a. together with Service Tax, if any, plus out-of-pocket expenses in connection with the Company's Audit”.

### SPECIAL BUSINESS – ORDINARY RESOLUTIONS

#### I. Appointment of Independent Directors

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri A L Somayaji (holding DIN 00049772), Director of the Company whose period of office is liable to determination by retirement of directors by rotation, in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for a fixed term from 21<sup>st</sup> July 2014 to 31<sup>st</sup> March 2019”.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Cmde. R P Prem Kumar (holding DIN 00049513), Director of the Company who

**NOTICE TO THE SHAREHOLDERS**

retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for a fixed term from 21<sup>st</sup> July 2014 to 31<sup>st</sup> March 2019”.

**II. Appointment of Managing Director**

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 the consent of the Company be and is hereby accorded to the appointment of Dr. G.A. Pathanjali (holding DIN 05297665), who was appointed by the Board of Directors with effect from 1<sup>st</sup> April 2014 under the Articles of Association of the Company, as “Managing Director” of the Company for a period of Three years, on the terms and conditions of appointment and remuneration as set out below and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Dr. G.A. Pathanjali.”

1 Period	1 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2017	
2 Remuneration	(i) Salary : ₹1,20,000/- per month including Dearness Allowance and all other allowances.	
	(ii) Commission : Equivalent to 1% percent of the net profits of the Company subject to a ceiling of an amount equal to the annual salary.	
3 Perquisites	Perquisites will be in addition to salary and commission and shall be restricted to an amount equal to the annual salary.	
	(i) HRA of ₹16,000/- per month	
	(ii) 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 of the Managing Director.	
	(iii) Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.	
	(iv) Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 5,000/- per annum.	
	(v) Company's contribution towards Provident Fund as per the Rules of the Company.	
	(vi) Company's contribution towards Superannuation Fund as per the Rules of the Company.	
	Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.	
	(vii) GRATUITY : As per the Rules of the Company and will not be included in the computation of the ceiling on perquisites	
(viii) LEAVE SALARY : As per the Rules of the Company. Leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.		
(ix) Car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company.		
4. Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid a special allowance of ₹ 7,20,000/- per year in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule V to the Companies Act, 2013. No commission is payable in such year.	

**Note:** Net Profits for this purpose shall be as per computation of Net Profits under Section 198 of the Companies Act, 2013.



## NOTICE TO THE SHAREHOLDERS

### III. Appointment of Director (Finance)

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Sections 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded to the appointment of Sri T R Sivaraman (holding DIN 06844954), who was co-opted as an Additional Director of the Company by the Board of Directors with effect from 1<sup>st</sup> April 2014 under the Articles of Association of the Company, as “Director (Finance)” of the Company for a period of Three years, on the terms and conditions of appointment and remuneration as set out below and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Sri T R Sivaraman.”

1 Period	1 <sup>st</sup> April 2014 to 31 <sup>st</sup> March 2017	
2 Remuneration	(i)	Salary : ₹ 1,00,000/- per month including Dearness Allowance and all other allowances.
	(ii)	Commission : Equivalent to 1% percent of the net profits of the Company subject to a ceiling of an amount equal to the annual salary.
3 Perquisites	Perquisites will be in addition to salary and commission and shall be restricted to an amount equal to the annual salary.	
	(i)	HRA of ₹ 12,000/- per month
	(ii)	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 of the Director (Finance).
	(iii)	Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.
	(iv)	Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 5,000/- per annum.
	(v)	Company's contribution towards Provident Fund as per the Rules of the Company.
	(vi)	Company's contribution towards Superannuation Fund as per the Rules of the Company.
	Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.	
	(vii)	GRATUITY : As per the Rules of the Company and will not be included in the computation of the ceiling on perquisites
(viii)	LEAVE SALARY : As per the Rules of the Company. Leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.	
(ix)	Car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company.	
4. Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Director (Finance) shall be paid a special allowance of ₹ 6,00,000/- per year in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule V to the Companies Act, 2013. No commission is payable in such year.	

**Note:** Net Profits for this purpose shall be as per computation of Net Profits under Section 198 of the Companies Act, 2013.

**NOTICE TO THE SHAREHOLDERS**

**IV. Remuneration of Cost Auditor**

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the Company do hereby confirm and ratify in terms of Section 148 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder the remuneration as approved by the Board of Directors for Mr. S Hariharan, Practising Cost Accountant (Membership No.20864), for conducting the audit of cost records of the company for the financial year 2014-15 at ₹30,000/- together with Service Tax, if any, plus reimbursement of out of pocket expenses for purpose of such audit.”

**SPECIAL BUSINESS – SPECIAL RESOLUTION**

**V. Borrowing Powers**

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

“RESOLVED THAT in supersession of the earlier resolution passed by the Members at the 46<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> July 2007 in terms of Section 293 of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing moneys for the purpose of the business of the Company, from time to time, upon such terms and conditions as they think fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) will exceed the

aggregate of the Paid up Capital of the Company and its Free Reserves, provided that the total amount upto which moneys be borrowed by the Board of Directors, apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business, shall not exceed ₹ 25 Crores (Rupees Twenty five Crores only).

RESOLVED FURTHER that the consent of the Company be and is hereby given to the Board of Directors securing the repayment of the said borrowing, with interest, costs and other moneys in such manner as they may think fit and for that purpose to execute mortgages, charges and/ or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future and on such terms and conditions as the Board of Directors may think fit from time to time “

**VI. Mortgage of Assets**

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

RESOLVED THAT in supersession of the earlier resolution passed by the Members at the 46<sup>th</sup> Annual General Meeting of the Company held on 26<sup>th</sup> July 2007 in terms of Section 293(1) (a) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to mortgage and / or charge by the Board of Directors of the Company, of all the movable / immovable properties wherever situate, present and future and the whole of the undertaking of the Company together with power to take over the management of the business and concern of the Company in certain events, to or in favour



## NOTICE TO THE SHAREHOLDERS

of the Banks / Financial Institutions and /or other Lenders / Investing Agencies / Trustees for Debentures / Bonds to secure borrowing from time to time provided that the aggregate of the borrowing so secured shall not exceed ₹25 Crores (Rupees Twenty Five Crores only) outstanding at any time together with interest at the respective agreed rate, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of such borrowings.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized and empowered to finalise, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations or other legal undertakings and do all such acts deeds matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid.”

(By Order of the Board)  
for HIGH ENERGY BATTERIES (INDIA) LIMITED

**S.V. RAJU**  
Secretary

Chennai  
May 30, 2014

### NOTES

1. **A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself and such proxy need not be a member of the Company.**
2. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting i.e. 11.00 A.M. 19<sup>th</sup> July 2014.
3. The Register of Members and the Share Transfer books of the Company will remain closed from Friday, the 18<sup>th</sup> July, 2014 to Saturday, the 19<sup>th</sup> July, 2014 (both days inclusive).
4. Members holding shares in Physical Form are requested to notify promptly any change in their address to the Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Chennai - 600 002 by quoting their Membership Number, besides changes, if any, in dividend mandates given by them. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.
5. Members holding shares in Demat form are requested to bring in their DP ID Number (Client ID Number) for ease of identification and recording of attendance at the meeting
6. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto
7. **Voting through electronic means**
  1. The company is pleased to provide members facility to exercise their right to vote at the 53<sup>rd</sup> Annual General Meeting (AGM) by electronic means

**NOTICE TO THE SHAREHOLDERS**

in deference to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. This business would be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL).

2. E-Voting commences on Tuesday, the 15<sup>th</sup> July 2014 (10.00 AM) and ends on Thursday, the 17<sup>th</sup> July 2014 (5.00 PM). During this period, shareholders of the company, holding shares as on the record date of 17<sup>th</sup> June 2014 (Tuesday) are entitled to cast their vote electronically. The e-Voting portal will be blocked by CDSL for voting thereafter.
3. Instructions for e-Voting for members receiving an email from CDSL pursuant to their email IDs having been registered with the company/ Depository Participants:
  - (i) User ID and password are required for e-Voting. If you are holding shares in Demat form and logged on to www.evotingindia.com and casted your vote earlier for Electronic Voting Sequence Number (EVSN) of any company, then your existing login id and password are to be used. Else, follow clause (v) to (vii) for login.
  - (ii) Launch the internet browser during the voting period. Type the URL in the address bar www.evotingindia.com. Home screen opens.
  - (iii) Click on "Shareholders" tab to cast your vote.
  - (iv) Now, select the "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - (v) Now, fill up the following details in the appropriate boxes

**USER ID**

**For Members holding shares in Demat Form**

For NSDL : 8 Character DP ID  
followed by 8 Digits Client ID

For CDSL : 16 digits beneficiary ID

**For Members holding shares in Physical Form**

Folio Number registered with the Company

**PAN\***

Enter your 10 digit alpha-numeric \*PAN (case sensitive) issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)

**DOB#**

Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format

**DIVIDEND BANK DETAILS#**

Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use **the first two letters of their name in block letters and the sequence number (8 digits) printed in the address slip in the PAN field**. Eg. if your name is Ramesh Kumar and sequence number 00001234 then enter RA00001234 in the PAN field.

# Please enter any one of the details in order to login

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding





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shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) Select EVSN (Electronic Voting Sequence number) **140613013** of High Energy Batteries (India) Limited.
- (ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
4. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
- Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
5. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
6. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.
7. A member who has cast his vote by electronic means is not entitled to vote again at the AGM.
8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
9. The voting rights of shareholders shall be in proportion to their shareholding as on the cut-off date of 17<sup>th</sup> June 2014.
10. Mr A S Kalyanaraman, Practising Chartered Accountant (Membership No. 201149) has been appointed as the Scrutinizer.
11. The Scrutinizer will not later than 21<sup>st</sup> July 2014 unblock the votes in the presence of at least two (2) witnesses not in the employment of the company. He will make a Scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the company.
12. The results will be declared on or after the AGM of the company. The results declared along with the Scrutinizer's report will be placed on the company's website [www.highenergy.co.in](http://www.highenergy.co.in) and on the website of CDSL [www.evotingindia.co.in](http://www.evotingindia.co.in) within two (2) days of passing of the resolutions at the AGM of the company and communicated to BSE.

**EXPLANATORY STATEMENT**

**(As required under Section 102 of the Companies Act, 2013)**

**ITEM NO.4**

Sri A L Somayaji is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2002. Sri A L Somayaji is the Chairman of the Nomination-cum-Remuneration Committee of the Board of Directors of the Company.

Sri A L Somayaji is a Senior Advocate, practicing in the Madras High Court and the Supreme Court. He was appointed by the Government of Tamil Nadu as Advocate General. He has handled several cases involving constitutional matters and other subjects in Madras High Court.

Sri A L Somayaji holds 3866 (0.22%) shares in the Company. He is a Director of Esvi International (Engineers and Exporters) Limited.

It is proposed to appoint Sri A L Somayaji as an Independent Director for a fixed term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Sri A L Somayaji as a candidate for the office of Director of the Company.

In the opinion of the Board, Sri A L Somayaji fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Sri A L Somayaji as an Independent Director setting out the terms and conditions would be available for inspection, by the members at the Registered Office of the Company during normal business hours on any working day.

The Company will greatly be benefited by availing his expertise in legal and commercial matters which he has acquired over the last four decades. The Board recommends the resolution in relation to appointment of Sri A L Somayaji as an Independent Director,

for the approval by the shareholders of the Company.

Except Sri A L Somayaji, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

**ITEM NO.5**

Commodore R P Prem Kumar, VSM, (Retd.), is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 2002. He is a Member of the Nomination-cum-Remuneration Committee of the Board of Directors of the Company.

Cmde R P Prem Kumar, a Science Graduate from Presidency College and served in the Indian Navy from 1966 to 1995. During these years he dealt with day-to-day Inspection and Quality Assurance of Command operations of surface ships, aircraft and submarines with specific reference to exploitation of Naval weapons. By virtue of the specialized training received at the Institute of Armament Technology (IAT), Pune, he coordinated various classified projects and R&D programmes at the National level. He has represented Government of India in various Committees to ensure smooth negotiation, ratification, execution and induction of Naval weapons involving global suppliers. Prior to seeking voluntary retirement in 1995, to meet domestic commitments, he was Controller and Chief Co-ordinator (Missile Projects) at Hyderabad. In 1990, he was awarded the Vishisht Seva Medal (VSM) by the President of India for his excellent leadership quality and resource planning ability.

Cmde R P Prem Kumar is not a Director in any other Company. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.



The Company desires to avail his continued expertise in technical and commercial areas.

Cmde. R P Prem Kumar retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Cmde. R P Prem Kumar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a fixed term upto 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Cmde. R P Prem Kumar as a candidate for the office of Director of the Company.

In the opinion of the Board, Cmde. R P Prem Kumar fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Cmde. R P Prem Kumar as an Independent Director setting out the terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

The Board recommends the resolution in relation to appointment of Cmde. R P Prem Kumar as an Independent Director, for the approval by the shareholders of the Company.

Except Cmde. R P Prem Kumar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

#### **ITEM NO.6**

The Board of Directors of the Company at the Meeting held on 15<sup>th</sup> March 2014 have appointed Dr. G A Pathanjali, as Managing Director of the Company for a period of 3 years from 1<sup>st</sup> April, 2014 by short closing his present term of appointment as “Executive Director”

and approved the remuneration package based on the recommendations of the Nomination-cum-Remuneration Committee Meeting held on the same day.

Dr. G A Pathanjali, is a Chemical Engineer from Annamalai University and did his M Tech (Chemical Engineering) from Indian Institute of Technology (IIT), Kanpur. Dr. G A Pathanjali received his Doctorate (Ph D) in the year 1995 from IIT, Mumbai for his successful Thesis “Studies on the Electro Chemical Oxidation of Methanol and Development of Direct Feed Methanol-Air-Fuel Cell”. He was inducted in the R&D Wing of our Company in 1983. He completed his first assignment successfully in establishing the Nickel Cadmium process.

He took over as Head (R&D) in 1996 and guided number of design cum development activities involving Silver Chloride Magnesium, Silver Oxide Zinc, Nickel Cadmium, Cuprous Chloride and Fuel Cells, for Defence, Rail Road and Industrial applications.

He was promoted as Head (Operations) during 2002 and looked after Production, Maintenance, Procurement and R&D successfully. In recognition of his services, he was elevated as Executive Director on 30<sup>th</sup> May 2012.

Dr. G A Pathanjali holds 100 (0.01%) shares in the Company. He is neither a director nor a member in any other company.

The Company has filed Form DIR-12 with the Ministry of Corporate Affairs vide Service Request No. C03137189 dated 13.05.2014. The terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Except Dr. G A Pathanjali being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

The approval of the members is being sought

to the terms, conditions and stipulations for the appointment of Dr. G A Pathanjali as Managing Director and the remuneration payable to him. The terms and conditions proposed (fixed by the Board of Directors at their meeting held on 15<sup>th</sup> March 2014) are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important position as that of the Managing Director.

**INFORMATION ABOUT THE APPOINTEE**

(1) Background details

Dr G A Pathanjali is a Chemical Engineer from Annamalai University and did his Post Graduation M.Tech (Chemical Engineering) from Indian Institute of Technology (IIT), Kanpur.

(2) Past Remuneration

(₹ in lakhs)

Particulars	2013 - 14	2012 - 13	2011 - 12
Salary & Allowances	9.60	8.20	-
Perquisites	10.90	8.96	-
Commission	-	-	-
Total	20.50	17.16	-

(3) Recognition or awards

When HEB R&D was recognized by IIT, Mumbai for pursuing PhD, through external registration, Dr G A Pathanjali was the first candidate to register as a scholar in the field of electrochemistry from High Energy Batteries (India) Ltd. He has successfully completed his thesis under the caption of "Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol-Air Fuel Cell". His thesis was accepted and he was awarded Doctorate in the year 1995. He has published several papers in reputed Indian and

International journals of electrochemistry. He has guided number of candidates to carryout research successfully.

(4) Job profile and his suitability.

Dr. G A Pathanjali was inducted in the R&D Wing of our Company in 1983. He completed his first assignment successfully in establishing the Nickel Cadmium process.

He took over as Head (R&D) in 1996 and guided number of design cum development activities involving Silver Chloride Magnesium, Silver Oxide Zinc, Nickel Cadmium, Cuprous Chloride and Fuel Cells, for Defence, Rail Road and Industrial applications.

He was promoted as Head (Operations) during 2002 and looked after Production, Maintenance, Procurement and R&D successfully. In recognition of his services, he was elevated as Executive Director on 30<sup>th</sup> May 2012.

Dr G A Pathanjali is currently looking after the complete operations of the Company. He has been independently managing the Operations of the Company and R&D in the last few years. He has demonstrated his leadership skills by ably managing the various operations in spite of the difficult times faced by the Company in terms of order position and profitability.

In the Lead Acid Battery Plant, he has played a key role in establishing the manufacturing process, in the selection of suitable machineries and design of various types of batteries. He has also established QA & QC systems. He had been interacting with the customers on day to day basis to get the feed back and established a system for continual improvement.



(5) Remuneration proposed

As set out in the Resolution under Item No.6.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Considering the profile of Dr. G A Pathanjali and current trend of compensation package in corporates, the remuneration proposed is moderate.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Dr. G A Pathanjali holds 100 Equity shares in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He has no relationship with any managerial personnel.

(Finance), he took over as Head of Accounts and Finance, reporting to Managing Director. In 2004, he was promoted as General Manager (Finance) and then as Vice President (Finance).

During the past 30 years, he has been managing admirably various functional areas i.e. accounts, finance, taxation etc. His contribution in arranging funding requirement for setting up Lead Acid Battery Project is commendable as well as managing the short term requirements of the Company during various stages, including the critical periods, post LAB Division creation, needs special mention.

In addition, he was given the task of concluding wage revision with the employees in 2002, 2007 and 2011 which was accomplished by him as per the guidelines of the Management ensuring cordial atmosphere throughout.

After the retirement of the then General Manager (Marketing), he was entrusted with additional charge of managing Delhi Office and also to take care of marketing activities, which gave him good exposure in marketing including export activities of the company.

He was able to establish good rapport with all our customers. With his experience, he was able to establish good export marketing, which resulted in flow of export orders. Specific mention should be made about his successful efforts in getting orders from Malaysia, Dastan and Algeria.

In due recognition of his committed services, it is recommended that Sri T R Sivaraman be co-opted as an Additional Director under Section 260 and designated as Director (Finance) from 1<sup>st</sup> April 2014 for a period of 3 years.

Sri T R Sivaraman is holding 870 shares (0.05%) in his name and 1000 Shares (0.06%) in the name of his wife in the Company. He is neither a director nor a member in any other company.

#### ITEM NO.7

The Board of Directors of the Company at the Meeting held on 15<sup>th</sup> March 2014 have co-opted Sri T R Sivaraman as an Additional Director designated as "Director (Finance)" of the Company for a period of 3 years from 1<sup>st</sup> April, 2014 and approved the remuneration package based on the recommendations of the Nomination-cum-Remuneration Committee Meeting held on the same day.

Sri T R Sivaraman, is a Commerce Graduate with Professional Qualifications as Chartered Accountant and Cost Accountant. He joined HEB, in 1984 as Assistant Accounts Officer. He was promoted as Deputy Manager (Accounts) in 1986 and later as Manager (Finance) in 1990. Subsequent to the retirement of the then General Manager

The Company has filed Form DIR-12 with the Ministry of Corporate Affairs vide Service Request No C03137189 dated 13.05.2014. The terms and conditions would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Except Sri T R Sivaraman being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Sri T R Sivaraman as Director (Finance) and the remuneration payable to him. The terms and conditions proposed (fixed by the Board of Directors at their meeting held on 15<sup>th</sup> March 2014) are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important position as that of the Director (Finance).

#### **INFORMATION ABOUT THE APPOINTEE**

(1) Background details

Sri T R Sivaraman, is a Commerce Graduate with Professional Qualifications as Chartered Accountant and Cost Accountant with 30 years of experience in various functional areas i.e. accounts, finance, taxation etc.

(2) Past Remuneration

Not Applicable

(3) Recognition or awards

Nil

(4) Job profile and his suitability.

Sri T R Sivaraman joined HEB, in 1984 as Assistant Accounts Officer. He was promoted as Deputy Manager (Accounts)

in 1986 and later as Manager (Finance) in 1990. Subsequent to the retirement of the then General Manager (Finance), he took over Head of Accounts and Finance, reporting to Managing Director. In 2004, he was promoted as General Manager (Finance) and then as Vice President (Finance).

During the past 30 years, he has been managing admirably various functional areas i.e. accounts, finance, taxation etc. His contribution in arranging funding requirement for setting up Lead Acid Battery Project is commendable as well as managing the short term requirements of the Company during various stages, including the critical periods, post LAB Division creation, needs special mention.

In addition, he was given the task of concluding wage revision with the employees in 2002, 2007 and 2011 which was accomplished by him as per the guidelines of the Management ensuring cordial atmosphere throughout.

After the retirement of the then General Manager (Marketing), he was entrusted with additional charge of managing Delhi Office and also to take care of marketing activities, which gave him good exposure in marketing including export activities of the company.

He was able to establish good rapport with all our customers. With his experience, he was able to establish good export marketing, which resulted in flow of export orders. Specific mention should be made about his successful efforts in getting orders from Malaysia, Dastan and Algeria.

(5) Remuneration proposed

As set out in the Resolution under Item No.7.



- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Considering the profile of Sri T R Sivaraman and current trend of compensation package in corporates, the remuneration proposed is moderate.

- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Sri T R Sivaraman holds 870 Equity shares in his name and 1000 Shares in the name of his wife in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He has no relationship with any managerial personnel.

**Statement containing required information as per Part (B) of Clause (iv) of Section II of Schedule X to the Companies Act, 2013**

**I. GENERAL INFORMATION**

- (1) Nature of Industry  
Manufacturer of Aerospace, Naval, Power System Batteries and Lead Acid Storage Batteries.
- (2) Date of commencement of commercial Production  
December 1979
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus  
Not Applicable
- (4) Financial performance based on given indicators

(₹ in lakhs)

Particulars	2013-14	2012-13	2011-12
Net Sales	3054	6651	5532
Profit/ (Loss) before Finance Cost, Depreciation & Tax	(245)	653	709
Profit/ (Loss) Before Tax	(978)	51	55
Profit/ (Loss) After Tax	(623)	37	39
Dividend (%)	Nil*	10	Nil

\*Recommended by Board

- (5) Export performance and net foreign exchange collections. (₹ in lakhs)

Particulars	2013-14	2012-13	2011-12
FOB value of exports	121	3125	2766
CIF value of imports	353	2295	1793
Expenditure in foreign currency	23	23	21
Net foreign exchange earnings	98	3102	2745

- (6) Foreign investments or collaborators, if any

Nil

## **II. OTHER INFORMATION**

- (1) Reasons of loss or inadequate profits

Delayed receipt of regular orders in the indigenous market and non-receipt of Export orders coupled with lower turnover in the Lead Acid Battery Division and increased borrowing costs resulted in losses.

- (2) Steps taken or proposed to be taken for improvement.

The Company has already received regular indigenous orders in the fourth quarter of the year 2013-14. Further orders from the indigenous market will be received during the current year. Export orders under existing arrangement with customers will also be received during the current year. In the Lead Acid Battery Division, efforts have already been made to maximize the volume by a different product mix to achieve a reasonable turnover. With the above, the company will be able to achieve a reasonable turnover and profitability.

- (3) Expected increase in productivity and profits in measurable terms

Based on the orders on hand and orders in the pipe line and the present efforts in the Lead Acid Battery Division to maximize the volume of production and sales, the company will be able to achieve a reasonable profitability.

### **ITEM NO.8**

The Company is engaged in two business segments, viz. Aerospace, Naval & Power System Batteries and Lead Acid Storage Batteries. The company is maintaining cost

accounting records and getting them audited under the provisions of the Companies Act, 1956. Cost Auditor for this purpose was appointed with the approval of Central Government.

Section 148 of the Companies Act, 2013 has similar prescription for cost records and audit thereof. While the remuneration for the audit of cost records is determined by the Board of Directors, it will have to be ratified by the shareholders at the following General Meeting. The approval of Central Government is no longer required under the new law.

Pursuant to the above, the Board of Directors have appointed Mr. S.Hariharan, Practising Cost Accountant (Membership No.20864) for the audit of cost records of the company for the financial year 2014-15 pertaining to both the segments and determined the remuneration of ₹ 30,000/- together with Service Tax, if any, plus out of pocket expenses incurred by him for this purpose based on the recommendations of the Board of Directors. It is now placed for the approval of Shareholders in accordance with Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

Copies of relevant resolutions passed by the Board is available for inspection of the members on any working day of the Company between 11.00 A.M. and 1.00 P.M.

No Director, Key Managerial Personnel or relative of them is concerned or interested, financially or otherwise, in this business.

### **ITEM NO.9**

The Members of the Company, at the 46<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> July 2007 had accorded by way of an Ordinary Resolution, their approval to the Board of Directors of the Company from time to time, upto an aggregate amount (apart from temporary loans obtained from the Company's bankers in the ordinary course of business)





not exceeding the paid up share capital of the Company and its free reserves by ₹ 25 Crores (Rupees Twenty Five Crores only). However, after the applicability of the provisions of Section 180(1)(c) of the Companies Act, 2013, a company can borrow monies exceeding the aggregate of its paid up capital and free reserves (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) with the approval of Members of the Company by way of a Special Resolution. The Board accordingly recommends the Special Resolution for your approval. Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

**ITEM NO.10**

The Members of the Company, at the 46<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> July 2007 had accorded their approval by way of an Ordinary Resolution, under Section 293(1) (a) of the Companies Act, 1956 to the Board of

Directors of the Company to mortgage all the movable / immovable properties wherever situate, present and future to secure loan from Banks/Financial Institutions not exceeding ₹ 25 Crores (Rupees Twenty Five Crores only). However, after applicability of Section 180(1)(a) of the Companies Act, 2013, a company can mortgage its assets with the approval of Members of the Company by way of a Special Resolution. The Board accordingly recommends the Special Resolution for your approval. Pursuant to applicable provisions of the Companies Act, 2013, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution.

(By Order of the Board)

for HIGH ENERGY BATTERIES (INDIA) LIMITED

**S.V. RAJU**  
Secretary

Chennai  
May 30, 2014

**Appointment / Reappointment of Directors :**

Details on Directors seeking appointment/reappointment are furnished hereunder:-

Name of Director	Date of Birth	Date of First appointment	Expertise in specific functional areas	Qualification	Directorships in other companies	Committee/ Executive positions held in other companies
<b>REAPPOINTMENT</b>						
Sri. N. Gopalaratnam	15.04.1947	06.06.1991	Long and varied experience in management of projects, operations and overall management of diverse industries engaged in Pulp, Paper, Sugar and Batteries.	B.Sc., B.E., (Mechanical Engg.)	<b>Chairman</b> Seshasayee Paper and Boards Ltd. Ponni Sugars (Erode) Ltd. SPB Projects and Consultancy Ltd. Esvi International (Engineers & Exporters) Ltd. Time Square Investments Pvt. Ltd.	<b>Chairman</b> Securities Transactions cum Investor Grievance Committee and Finance Committee in Ponni Sugars (Erode) Ltd. <b>Member</b> Share Transfer & Shareholders/ Investors Grievance Committee in Seshasayee Paper and Boards Ltd. Nomination - Cum - Remuneration Committee and Project Committee in Ponni Sugars (Erode) Ltd.
<b>APPOINTMENT</b>						
Dr. G.A. Pathanjali	26.07.1959	30.05.2012	Varied experience in Management of Projects, R & D, Operations and General Management in the Battery Industry	B.E. M.Tech., Ph.D	-	-
Sri. T.R. Sivaraman	09.04.1959	01.04.2014	Varied experience in Accounts, Finance, Taxation, HR and Marketing functional areas.	FCA, AICWA	-	-



### Appointment / Reappointment of Independent Directors :

Details on Independent Directors seeking appointment/reappointment are furnished hereunder:-

Name of Director	Date of Birth	Date of First appointment	Expertise in specific functional areas	Qualification	Directorships in other companies	Committee/ Executive positions held in other companies
Sri A L Somayaji	27.01.1944	23.03.2002	Advocate General, Government of Tamilnadu. He is in the Editorial Board of "Supreme Today", "Current Tamil Nadu cases", "Labour Law Journal" and "Sales tax cases". He is legal advisor to various companies.	Graduate in Commerce, Graduate in Law.	1. Esvi International (Engineers and Exporters) Limited. 2. Commercial Laws of India Pvt. Ltd.	-
Cmdr. RP Prem Kumar, VSM (Retd.)	12.01.1945	08.08.2002	Senior Officer (Retd.) of the Naval Armament Inspectorate, Indian Navy and has coordinated various classified projects and R & D programs. He was responsible in establishing Quality Assurance system for strategic weapon manufacturing. Awarded the Vishisht Seva Medal by the President of India.	Graduate in Science. Naval Technical Staff Course (Equivalent to M.Tech.)	-	-

**DIRECTORS' REPORT TO THE MEMBERS**

The Directors hereby present their 53<sup>rd</sup> Annual Report together with the Balance Sheet and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014.

**OPERATING RESULTS**

The Company's financial performance under review is summarised below:

	(₹ in lakhs)			
	For the year Ended			
	2013 - 2014		2012 - 2013	
Sales (Net of Excise Duty and VAT / Sales Tax)		3054.27		6650.96
Profit / (Loss) before Finance Cost, Depreciation and Tax		(244.89)		653.33
<b>Less:</b>				
1. Finance Cost	582.39		441.24	
2. Depreciation	150.49	732.88	160.98	602.22
PROFIT / (LOSS) BEFORE TAX		(977.77)		51.11
<b>Less:</b>				
Provision for Taxation				
Current Tax	-		-	
Deferred Tax	(355.23)		14.51	14.51
		(355.23)		
<b>NET PROFIT / (LOSS)</b>		(622.54)		36.60

The Company could achieve overall sales (Net of Excise Duty, VAT, and Sales Tax) of ₹ 3054.27 Lakhs only as compared to ₹ 6650.96 Lakhs in the previous Year.

Non receipt of major Export orders and delayed receipt of indigenous orders for the Aerospace, Naval and Power System battery division coupled with the year long sluggish automotive battery market of the Lead acid battery division impacted the sales of the company during the

year under review. Consequently the company achieved low turnover for the year as compared to previous year.

Lower sales coupled with increased borrowing costs on additional working capital, increase in bank guarantee commission and processing charges resulted in a Net Loss of ₹ 622.54 lakhs as against a Net Profit of ₹ 36.60 lakhs in the earlier year.

**DIVIDEND**

As the Company has incurred loss, the Directors regret their inability to recommend any Dividend for the year under review.

**PERFORMANCE HIGHLIGHTS**

**SILVER ZINC BATTERIES**

The Company recorded a low turnover of ₹ 2302.87 lakhs during the year as against ₹ 5243.80 lakhs during the previous year. While the company started the year with a sizable order position, a major portion of the indigenous order for Indian Defence Laboratories constituted development cum supply of Missile Batteries. This involved various testing both at the Plant as well as outside the Plant in designated Laboratories, necessitating more time in qualification level testing prior to supply, compared to the regular orders, culminating in lower turnover.

The expected orders of export market from Europe, Middle East and Far East got delayed due to Government procedures. A portion of the order from a country materialized only at the end of the fourth quarter. This has resulted in huge reduction in the turnover.

While efforts were made to get regular orders from other customers, owing to various procedural formalities, the orders were received only in the fourth quarter. Hence, here again only a portion of the orders could be despatched and batteries that are



## DIRECTORS' REPORT TO THE MEMBERS (Continued)

manufactured and submitted for qualification testing, could not be despatched as the inspection was not completed. Low turnover and higher interest and finance costs resulted in a loss in this division.

### NICKEL CADMIUM BATTERIES

As the company could get some major orders for Aircraft Batteries in this division during the year, the turnover improved to ₹ 130.94 lakhs as against ₹ 20.60 lakhs achieved during last year.

### LEAD ACID BATTERIES

The sluggish market conditions that prevailed throughout the year coupled with stiff competition from major players in terms of pricing pushed the company's sales to a lower level of ₹ 751.40 lakhs as against ₹ 1407.16 lakhs achieved in the earlier year. Lower capacity utilization, un-remunerative prices and steep increase in the input costs resulted in substantial loss in this division.

The Company is gearing itself for improving the overall performance of this division by improving quality and reducing costs for better market penetration. Also, Battery types for Solar, Inverter and UPS applications have been developed and type tested, in addition to automotive batteries to enhance the range of products.

### EXPORT

During the year the company achieved sales of ₹ 120.85 lakhs compared to ₹ 3124.70 lakhs in the last year. The repeat order expected from the OEM did not materialize on account of delay in placement of order to the OEM by the Indian Navy. Also, the orders expected from another country got cleared in the fourth quarter only, despite completion of negotiations in the first quarter. While a portion of the order was ready for despatch, the batteries could not be despatched for want of final clearance from

the customer. Efforts to secure orders from other countries did not fructify due to various procedural difficulties. This has resulted in huge drop in export turnover

### CURRENT YEAR - 2014-15

The company is having sizable orders from the DRDO Laboratories. Action is being taken to complete the trials early in coordination with the Defence Departments and despatch a major portion of the orders in the first two quarters. Regular orders from Navy and Airforce have already been received and will get despatched in the current year. Further orders for regular batteries are in the pipeline and will materialize in the second quarter of the year. In the meanwhile, the company expects to receive export orders from the OEM in the current year which will help the company to achieve a reasonable turnover. The company is in discussion with the Agents to secure repeat orders in the export market for the supplies already made in earlier years.

Measures are already in place to curtail losses by maximizing the product quantity in the Lead Acid Battery Division. In this connection, production is getting geared to achieve a different product mix in order to obtain maximum contribution and to avoid losses. A host of batteries for different applications such as Solar, Flat Plate Inverter, VRLA, UPS, have already been developed and tested for product quality and marketing of all these types, has commenced in the current year.

### FINANCE

Reduction in sales coupled with losses affected the cash flow of the company and the company had to borrow adhoc funds from Bankers to manage the cash flow. Payments from various customers in the Defence got unduly delayed during the later part of the year which further affected the cash flow position. Collection from the Lead Acid Battery Division also got delayed due to sluggish market conditions. The

**DIRECTORS' REPORT TO THE MEMBERS (Continued)**

company is gearing itself to achieve a reasonable turnover and manage the cash flow.

**ISO SYSTEMS**

The company continues to be certified both under ISO 9001:2008 and ISO 14001:2004 (Revised) Systems

**RESEARCH AND DEVELOPMENT**

The Company is working on various Silver Oxide Zinc Batteries, for DRDO Missile applications. For Naval underwater applications, involving both for Lightweight and Heavyweight Torpedoes, the Company is working on development cum supply orders using Sea Water Activated Batteries.

Development and Qualification of Battery for Air Force version of BrahMos Missile is in progress.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors in terms of Section 134 (5) of the Companies Act, 2013 confirm that:

- (i) all applicable Accounting Standards have been followed in the preparation of the annual accounts.
- (ii) your 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 as of 31<sup>st</sup> March 2014 and of the loss of the Company for the year ended on that date.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- (iv) the annual accounts have been prepared on a "going concern" basis.
- (v) had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (vi) had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The information regarding Conservation of Energy and Technology Absorption as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure I and forms part of the Report.

**INDUSTRIAL RELATIONS**

No employee of the Company was in receipt of remuneration during the Financial Year 2013-14 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Industrial relations continued to be cordial.

**DIRECTORS**

Sri S Sridharan, the erstwhile Managing Director who served the Company for more than 3 decades, relinquished his position from 31<sup>st</sup> March 2014. Sri Sridharan joined the company in 1979 and held various positions. He was elevated as Executive Director in 2002 and in 2005, he was appointed as Managing Director and his term was extended twice during 2008 and 2011. The Board wishes to place on record the significant contribution made by him for the growth of the Company.



## DIRECTORS' REPORT TO THE MEMBERS (Continued)

Dr. G A Pathanjali, Executive Director was elevated as Managing Director of the Company from 1<sup>st</sup> April, 2014 by short closing his present term of appointment as Executive Director. Necessary Resolution is placed before the Members for their approval.

Sri T R Sivaraman, Vice President (Finance) was co-opted as an Additional Director and was appointed as Whole-time Director designated as Director (Finance) of the Company from 1<sup>st</sup> April, 2014. Necessary Resolution is placed before the members for their approval.

In accordance with Article 106 of the Articles of Association of the Company, Sri N Gopalaratnam, Director retire by rotation and being eligible, offer himself for re- appointment at the ensuing Annual General Meeting.

As regards independent directors, their appointments have been proposed for a tenure of five years but restricted to 31<sup>st</sup> March 2019 having regard to the transitory provisions for the continuance of existing independent directors. Upon their appointment as independent directors at this meeting, they would retire only at the end of tenure on 31<sup>st</sup> March 2019 and they would not be counted for reckoning the directors to retire by rotation in terms of Section 149 of the Companies Act, 2013.

### CORPORATE GOVERNANCE

Though the code of Corporate Governance is not applicable to the Company as on date, utmost importance has been given to good Corporate Governance in all its activities.

However, the same will be applicable with effect from 01.10.2014.

A separate note on Corporate Governance is provided in Annexure II

### AUDITORS

M/s. R. Subramanian & Co., Chartered Accountants, Chennai, Auditors of the

Company retire at the conclusion of the ensuing 53<sup>rd</sup> Annual General Meeting of the Company are eligible for re-appointment.

Necessary Resolution for their appointment under Section 139 of the Companies Act, 2013 is being placed at the ensuing 53<sup>rd</sup> Annual General Meeting for this purpose.

### COST AUDIT

Cost Audit Report for the year would be filed with the Central Government in due course. Mr. S. Hariharan, Practising Cost Accountant was reappointed as Cost Auditor for the financial year 2014-15.

Ratification for their remuneration is being sought from members as proposed in the Notice for Annual General Meeting.

### ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to

- i) the Defence Services, DRDO Laboratories, ISRO and Ministry of Defence for the whole-hearted support and encouragement received from them for indigenisation efforts on sophisticated high energy batteries;
- ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- iii) the Bankers for extending timely financial support for the continued successful performance of the Company and
- iv) to all the shareholders who have reposed faith in us.

(For the Board of Directors)

**N. GOPALARATNAM**  
Chairman

Chennai 600 034  
May 30, 2014

**DISCLOSURE IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956  
READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF  
THE BOARD OF DIRECTORS) RULES, 1988.**

**A. CONSERVATION OF ENERGY**

The Company is not in the list of industries specified in the Schedule.

**B. TECHNOLOGY ABSORPTION**

**1. Research and Development (Totally in-house)**

- Development of Primary activated Reserve Type Silver Zinc Batteries for Aerospace applications.
- Development of Cuprous Chloride Batteries.
- Development of Automotive & Valve Regulated Lead Acid Batteries.
- Development and production of Electro-catalyst and Nano materials.

**2. Benefits derived as a result of above R & D**

- The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
- The batteries developed in-house were also exported and thus earned foreign exchange.
- Upgradation of technology to match the advancement in developed countries.
- Indigenisation and self reliance in the critical field of batteries for strategic defence applications.
- Diversification through commercialisation of Lead Acid batteries.

**3. Future Plan of Action**

To continue Research and Development in the areas mentioned in Para B1.

**4. Expenditure on R & D during the year**

₹ in lakhs

	As At 31.03.2014	As At 31.03.2013
Capital	12.23	0.11
Recurring	80.18	72.44
<b>Total</b>	<b>92.41</b>	<b>72.55</b>

**5. Technology Absorption and Adoption**

During the year under review, no overseas technology was acquired.

**6. Foreign Exchange Earnings and Outgo**

₹ in lakhs

	As At 31.03.2014	As At 31.03.2013
Earnings	120.85	3124.70
Outgo	376.48	2317.55

(For the Board of Directors)

**N. GOPALARATNAM**  
Chairman

Chennai 600 034  
May 30, 2014





**ANNEXURE TO THE DIRECTORS' REPORT  
REPORT ON CORPORATE GOVERNANCE**

**Company's philosophy on Corporate Governance**

Corporate Governance includes, among other things, apart from compliance with various legal requirements, inculcating a sense of integrity and responsibility in all aspects, not only among the members of the Board of Directors, but amongst the people at all levels of the organization. Only such a culture which results from voluntary compliance at all levels and amongst all ranks of employees, that is built and sustained over a period of time, can result in compliance that is true to the spirit of law, and not just its letter.

Furthermore, such a corporate governance

culture will help in constantly reminding the management that they are, but only, trustees of shareholders' capital. Like in any other aspect in the company form of business, the Board is the core of the Corporate Governance philosophy, with the responsibility to ensure that the management serves and protects the best and long term interests of all the stakeholders.

**Board of Directors**

The Board of Directors consists of 7 Directors, of whom, the Managing Director and the Director (Finance) are in whole time employment of the Company. All other Directors are Non Executive Directors of the Company.

**Number of Board Meetings and Directors' Attendance Record**

Name of Director	Date of Initial Appointment	Category	No. of Equity Shares held	Attendance at Board Meetings during 2013 - 2014		As on 31 <sup>st</sup> March 2014 (Including HEB)			Attendance at last AGM
				No. of Meetings	%	No. of Director-ships	Committee Position		
							As Chairman	As Member	
Sri. N. Gopalaratnam	06-06-1991	Non- Executive Chairman, Promoter	10200	5	100	7	3	3	YES
Sri. S. Sridharan *	01-04-2002	Managing Director	1932	5	100	1	-	1	YES
Dr. G.A. Pathanjali **	30-05-2012	Executive Director	100	5	100	1	-	-	YES
Sri. T.R. Sivaraman ***	01-04-2014	Director (Finance)	870	-	-	-	-	-	-
Sri. R. Vaidyanathan	27-09-1961	Promoter	2500	5	100	2	-	1	YES
Sri. A.L. Somayaji	23-03- 2002	Independent	3866	5	100	3	1	-	YES
Commodore R.P. Prem Kumar (Retd.)	08-06-2002	Independent	Nil	5	100	1	-	1	YES
Smt. D. Vijayalakshmi ★	23-03-2007	Nominee of Life Insurance Corporation of India	Nil	1	20	1	-	1	NO
Sri. Raj Kumar ★★	19-06-2013	Nominee of Life Insurance Corporation of India	Nil	4	80	1	-	1	YES

- \* Retired on 31.03.2014.
- \*\* Elevated as Managing Director with effect from 1<sup>st</sup> April 2014.
- \*\*\* Appointed as an Additional Director designated as Director (Finance) with effect from 1<sup>st</sup> April, 2014.
- ★ Withdrawn the Nomination by LIC with effect from 19<sup>th</sup> June 2013 consequent on her retirement
- ★★ Inducted in the Board of HEB by LIC in the place of Smt. D. Vijayalakshmi with effect from 19<sup>th</sup> June 2013.

#### Board Meetings

During the year 2013-14, 5 Board Meetings were held on 30.05.2013, 25.07.2013, 09.11.2013, 08.02.2014 and 15.03.2014. The last Annual General Meeting was held on 25.07.2013.

#### Audit Committee

The code of Corporate Governance is not applicable to our Company for the year 2013-14. Hence, the Company did not constitute any Audit Committee. The Board and the Managing Director dealt directly with the Statutory and Internal Auditors and took appropriate decisions.

SEBI vide Circular No.CIR/CFD/POLICY CELL/2/2014 dated 17<sup>th</sup> April, 2014 advised all Stock Exchanges to amend the Listing Agreement with the objectives to align with the provisions of the Companies Act, 2013, adopt best practices on corporate governance and to make the corporate governance framework more effective. According to this Circular, the code of Corporate Governance will be applicable to our Company with effect from 1<sup>st</sup> October 2014. The Company will fulfil the requirements as set out in the Clause 49 of the Listing Agreement and Companies Act, 2013.

#### Shareholders / Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted on 30-07-2001,

immediately upon inclusion/amendment to Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, subdivisions and consolidations of securities complying with SEBI Regulations and Listing requirements and redressal of Investors' grievances. Further, to ensure speedy processing of regular securities transactions pertaining to small Investors, the Board has delegated powers to the Managing Director and the Secretary. Consequent on the retirement of Sri S Sridharan, Managing Director, the Board in its Meeting held on 15<sup>th</sup> March 2014, inducted Dr.G A Pathanjali, Executive Director in the Committee in the place of Sri S Sridharan.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 5 times during the previous year on 30.05.2013, 25.07.2013, 09.11.2013, 08.02.2014 and 15.03.2014. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	5	100
Sri. S. Sridharan	Member	5	100
Sri. R. Vaidyanathan	Member	5	100

#### Nomination - cum - Remuneration Committee

The Remuneration Committee was reconstituted and renamed as "Nomination-cum-Remuneration Committee on 8<sup>th</sup> February 2014. Sri Raj Kumar was inducted in the Committee in the place of erstwhile Director Smt. D. Vijayalakshmi. The Nomination-cum-Remuneration- Committee comprises of 3 Non-Executive Directors. The Committee is vested with all the necessary powers and authority to ensure that remuneration of whole-time Director(s) is within the limits prescribed under



Companies Act. The Committee met one time during the period under review on 15<sup>th</sup> March 2014. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. A L Somayaji	Chairman	1	100
Cmdr. R P Prem Kumar	Member	1	100
Sri Raj Kumar	Member	1	100

#### Committee Minutes

The minutes of the Committee meetings are prepared by the Secretary, approved by the Chairman of the Meeting and the same are circulated to the Board in the succeeding meeting and recorded thereat.

#### Remuneration of Directors

Non Executive Directors are paid sitting fees at ₹ 3,000/- per meeting of Board and Committee Meetings. The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee for attending the Board/Committee Meetings are as under:-

Director	Amount in ₹		
	Sitting Fee for		Total
	Board Meeting	Committee Meeting*	
Sri. N. Gopalaratnam	15000	15000	30000
Sri. R Vaidyanathan	15000	15000	30000
Sri. A L Somayaji	15000	3000	18000
Cmdr. R P Prem Kumar	15000	3000	18000
Smt. D Vijayalakshmi Nominee of LIC ★	3000	-	3000
Sri Raj Kumar Nominee of LIC ★★	12000	3000	15000

\* Shareholders / Investors Grievance Committee and Remuneration Committee Meetings.

★ Withdrawn the Nomination by LIC with effect from 19<sup>th</sup> June 2013 consequent on her retirement

★★ Inducted in the Board of HEB by LIC in the place of Smt. D. Vijayalakshmi with effect from 19<sup>th</sup> June 2013.

#### Disclosures

Materially significant related party transactions having potential conflict with the interest of the Company at large;

None

Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI/ Statutory Authorities on any matter related to capital markets during the last three years;

None

Pecuniary relationship or transactions with the non-executive Directors;

None

#### MEANS OF COMMUNICATION

##### Audited Financial Results

Period	Date of Approval by Board	Date of Publication	Newspaper
Quarter ended 30 <sup>th</sup> June, 2013	25.07.2013	27.07.2013	Business Standard and Makkal Kural
Quarter ended 30 <sup>th</sup> September, 2013	09.11.2013	11.11.2013	Business Standard and Makkal Kural
Quarter ended 31 <sup>st</sup> December, 2013	08.02.2014	10.02.2014	Business Standard and Makkal Kural
Year ended 31 <sup>st</sup> March, 2014	30.05.2014	31.05.2014	Business Standard and Makkal Kural

The Company will continue to publish quarterly/ half-yearly results in newspapers in future. Copy of results will be furnished to individual members on request and also made available in the Company website upon approval by the Board of Directors.

The results published will also show, by way of footnote, relevant additional information and/ or disclosures to the Investors.

**Others**

Management Discussion and Analysis Report is made a part of the Annual Report and covered in the Directors' Report.

The Company operates in;

- (a) Aerospace, Naval & Power System Batteries and
- (b) Lead Acid Storage Battery segments.

Segment-wise results is reported in Notes on Financial Statements under Item 33.

**General Shareholder Information**

Provided in the "Shareholder Information" section of the Annual Report.

**Compliance Certificate of the Auditors**

Not Applicable

**Shareholder Information**

**AGM Details**

Date and Time	21 <sup>st</sup> July, 2014, 11.00 A.M.
Venue	New Woodlands Hotel Pvt. Ltd., No.72-75, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.
Book Closure	Friday, the 18 <sup>th</sup> July, 2014 to Saturday, the 19 <sup>th</sup> July, 2014 (Both days inclusive)

**Listing**

Name & Address	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone : 022 - 2272 1233 2272 1234 Fax : 022 - 2272 2082 E-mail : corp.relations@bseindia.com Website : www.bseindia.com
Listed from	May 1962
Stock Code	504176

The Listing Fee for the financial year 2014-15 has been paid to the above Stock Exchange.

**Dematerialisation**

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems

in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) is **INE783E01015**. The details of dematerialised and physical holding as on 31<sup>st</sup> March 2014 are furnished hereunder:

Mode of holding	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	356	19.04	71281	3.98
Demat	1514	80.96	1721487	96.02
Total	1870	100.00	1792768	100.00

**Registrar and Share Transfer Agent**

For Physical and Demat Forms:  
Cameo Corporate Services Ltd.  
"Subramanian Building", 5<sup>th</sup> Floor  
1, Club House Road, Chennai 600 002  
Phone : 044-28460390(5 Lines)

Fax : 044-28460129

E-mail : investor@cameoindia.com

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

**Compliance Officer**

Mr S V Raju, Secretary of the Company is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

**Transfer System**

Powers are delegated to the Managing Director and Secretary to deal with regular transactions in securities of small investors, while other cases are decided by the Shareholders/ Investors Grievance Committee. Investor requests are attended to within 7-15 days from the date of receipt. There were no shares pending for transfer as on 31<sup>st</sup> March 2014.

M/s Cameo Corporate Services Ltd., have been appointed as RTA for shares held both in physical and electronic forms, and services for the transfer and dematerialisation of shares are provided to the shareholders by the RTA.



## Share Quotes

High, low in prices and volume of trading during each month in the last financial year are as follows: (as reported by the “Bombay Stock Exchange Limited”).

Month	High	Low	Volume
	₹ P.	₹ P.	No. of Shares
April 2013	170.00	106.00	299
May 2013	169.00	148.25	482
June 2013	157.00	140.45	2001
July 2013	157.00	140.00	58
August 2013	154.95	119.25	241
September 2013	125.00	96.25	1850
October 2013	109.50	89.00	1608
November 2013	101.00	86.00	3579
December 2013	145.00	95.00	3663
January 2014	140.00	96.00	870
February 2014	118.20	92.95	1426
March 2014	98.10	78.10	5187
		<b>Total</b>	<b>21264</b>

## Shareholder Complaints

The Company has created a mail address investor@highenergyltd.com exclusively for the purpose of addressing to, complaints, if any, from investors. Investors can mail any of their grievances to the above mentioned e-mail address.

Particulars of complaints received during 2013-14;

Complaints from	Received	Redressed
Shareholders / Investors	Nil	Nil
Depositories / DPs	Nil	Nil
SEBI	Nil	Nil
Department of Company Affairs / Registrar of Companies	Nil	Nil
Stock Exchanges	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

## SCORES

SEBI vide Circular dated 3<sup>rd</sup> June 2011, has advised all listed companies about processing of Investor complaints in a centralized web based complaint system called “SEBI Complaints Redressal System” (SCORES). All complaints received from shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES. For the year ended 31<sup>st</sup> March 2014, no complaints were posted in this system against our Company.

## Distribution of Shareholding as on 31.03.2014

Slab	No. Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-500	1649	88.18	155938	8.70
501-1000	108	5.78	81573	4.55
1001-2000	46	2.46	70706	3.94
2001-3000	20	1.07	50272	2.80
3001-4000	8	0.43	28451	1.59
4001-5000	4	0.21	18080	1.01
5001-10000	8	0.43	56408	3.15
Above 10000	27	1.44	1331340	74.26
<b>Total</b>	<b>1870</b>	<b>100.00</b>	<b>1792768</b>	<b>100.00</b>

## Shareholding Pattern

Category	No. of Equity Shares	%
Promoters	730031	40.72
FIs and Banks	239100	13.34
Other Corporate Bodies	57651	3.22
Clearing Members	165	0.01
Hindu Undivided Families	20790	1.16
NRI - Non-Promoter	1108	0.06
Public	743923	41.49
<b>Total</b>	<b>1792768</b>	<b>100.00</b>

# HIGH ENERGY

## BATTERIES (INDIA) LIMITED

**Note :** Out of above, Non Resident Indians/ Overseas Corporate Bodies hold 81108 shares constituting 4.52%.

### Plant

Location:

Pakkudi Road,  
Mathur Industrial Estate, Mathur 622 515,  
Pudukkottai District, Tamilnadu, India  
Phone : 91-431-2660323, 2660324  
Fax : 91-4339-250516  
Email : info@highenergyltd.com  
Website : www.highenergy.co.in

No. of Employees : 167

### Particulars of past 3 AGMs

AGM	Year	Venue	Date	Time
50 <sup>th</sup>	2010-2011	New Woodlands Hotel Pvt. Ltd., 72-75, Dr. Radha krishnan Salai, Mylapore, Chennai 600 004	16.07.2011	11.00 AM
51 <sup>st</sup>	2011-2012	Hotel Benz Park, #62 Thirumalai Pillai Road, T. Nagar Chennai - 600 017	04.08.2012	11.00 AM
52 <sup>nd</sup>	2012-2013	New Woodlands Hotel Pvt. Ltd., 72-75, Dr. Radha krishnan Salai, Mylapore, Chennai 600 004	25.07.2013	11.00 AM

No Extraordinary General Meeting of the Company was held during the year.

### Postal Ballot

No Special Resolution was required to be passed by postal ballot at the last AGM nor is being proposed at the ensuing AGM. However, e-voting facility will be provided to all shareholders as per new regulation in the ensuing Annual General Meeting.

### Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Companies Act, 2013 are requested to submit to the RTA in the prescribed Form SH 13 which can be had, on

request, from the Company / RTA.

### Unclaimed Dividends

Under the Companies Act 1956, dividends that are unclaimed for a period of seven years get transferred to the "Investor Education and Protection Fund" [IEPF] administrated by the Central Government statutorily. The following table gives the dates of Declaration of Dividend and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Reminders were sent to shareholders, who have not yet encashed the Dividend, to claim the same from the Company well before the due date of transfer to IEPF.

Financial Year	Date of Declaration	Due date for Transfer	Unclaimed Amount (₹ lakhs)
2006-2007	26.07.2007	26.08.2014	0.76
2007-2008	24.07.2008	24.08.2015	0.72
2008-2009	18.07.2009	18.08.2016	1.37
2009-2010	--	--	--
2010-2011	--	--	--
2011-2012	--	--	--
2012-2013	25.07.2013	25.08.2020	0.47
Total			<b>3.32</b>

### Reconciliation of Share Capital Audit

Reports/Certificates to Stock Exchanges

Description	Frequency	For the Quarter ended	Furnished on
Reconciliation of Share Capital Audit Report to Stock Exchanges on reconciliation of the total admitted Capital with NSDL/ CDSL and the total issued & Listed Capital	Quarterly	30.06.2013	04.07.2013
		30.09.2013	07.10.2013
		31.12.2013	27.01.2014
		31.03.2014	09.04.2014

**M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

**To the Members of HIGH ENERGY BATTERIES (INDIA) LIMITED**

**REPORT ON FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **HIGH ENERGY BATTERIES (INDIA) LIMITED** which comprise of the Balance Sheet as at 31<sup>st</sup> March 2014, Statement of Profit & Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014
- b) in the case of the Statement of Profit and

Loss, of the Loss for the year ended on that date; and

- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, 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 purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
  - (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

- (e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants  
Firm Registration No. 004137S

**A. GANESAN**  
Partner  
Membership No. 21438

Chennai  
May 30, 2014



#### ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. These Fixed Assets have been physically verified by the Management on a regular programme, which in our opinion is reasonable having regard to the size of the Company and nature of its Assets. No significant discrepancies were noticed on such verification. No significant parts of fixed assets have been disposed off during the year.
- ii. The stock of Finished Goods, stores, spare parts and raw materials except stock lying with third parties, for which confirmation have been sought for, have been physically verified during the year by the Management. In our opinion, the frequency and procedure of physical verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not significant, and the same have been properly dealt with in the Books of Account.
- iii. (a) The Company has not granted any loans, secured / unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has not taken any loans from parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. Based on audit procedures applied by us and according to the information and explanations provided by the Management, the transactions that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained by Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public and consequently, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 are not attracted.
- vii. The Company has an internal audit system commensurate with the size and nature of its business.
- viii. On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- ix. (a) On the basis of our examination of the Books of Account, the Company has been regular in depositing with

appropriate authorities undisputed statutory dues including Employees Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Wealth Tax, Cess and Investor Education and Protection Fund and other material statutory dues.

- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and Customs Duty that have not been deposited with the appropriate authorities for more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of, Income Tax, Service Tax, Customs Duty, Cess, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute. Tamil Nadu VAT to the extent of ₹69.65/- lakhs has not been deposited on account of dispute.

Financial Year	2007 – 08 to 2010 – 11
Amount of Dispute	₹84.65/- lakhs (out of this, ₹15 lakhs has been paid as per court order)
Pending before	Madurai Bench, Madras High Court

- x. The company's accumulated losses have not exceeded 50% of its net worth as at the end of the financial year. The company has incurred cash losses in the current financial year, while there were no cash losses in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the Management, there were no

defaults in repayment of dues to banks as at the end of the year. The Company has not issued any debentures.

- xii. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other Investments.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The company has not availed any term loans from the Banks during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have not been used for long term investment.
- xviii. During the year the company has not made any preferential allotment of shares.
- xix. During the period covered by our audit report, the Company has not issued any Debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants  
Firm Registration No. 004137S

**A. GANESAN**  
Partner  
Membership No. 21438

Chennai  
May 30, 2014



**BALANCE SHEET AS AT 31st MARCH, 2014**

	Note No.	AS AT 31-03-2014	AS AT 31-03-2013
<b>(₹ in Lakhs)</b>			
<b>I Equity and Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	2	179.28	179.28
b) Reserves and Surplus	3	1033.46	1656.00
<b>2 Non Current Liabilities</b>			
a) Long Term Borrowings	4	85.43	313.55
b) Deferred Tax Liabilities (Net)	5	-	84.11
c) Other Long Term Liabilities	6	831.12	89.71
d) Long Term Provisions	7	39.24	39.32
<b>3 Current Liabilities</b>			
a) Short Term Borrowings	8	3658.91	2726.94
b) Trade Payables	9	989.54	335.06
c) Other Current Liabilities	10	772.82	1110.26
d) Short Term Provisions	11	23.05	44.03
<b>Total</b>		<b>7612.85</b>	<b>6578.26</b>
<b>II Assets</b>			
<b>1 Non Current Assets</b>			
a) Fixed Assets - Tangible Assets	12	1842.51	1954.96
b) Non Current Investments	13	60.33	60.33
c) Long Term Loans and Advances	14	34.32	32.37
d) Deferred Tax Asset (Net)	5	271.12	-
<b>2 Current Assets</b>			
a) Inventories	15	3204.01	2801.83
b) Trade Receivables	16	1558.13	1175.23
c) Cash and Bank Balances	17	209.50	201.61
d) Short Term Loans and Advances	18	363.14	223.04
e) Other Current Assets	19	69.79	128.89
<b>Total</b>		<b>7612.85</b>	<b>6578.26</b>
Notes to Financial Statements 1 to 41			
<b>G.A. PATHANJALI</b> Managing Director	<b>N. GOPALARATNAM</b> <b>R. VAIDYANATHAN</b> <b>A. L. SOMAYAJI</b>	<b>S.V. RAJU</b> Secretary	Vide our Report of even date attached For M/s. <b>R. SUBRAMANIAN AND COMPANY</b> Chartered Accountants Firm Registration No. 0041378
<b>T.R. SIVARAMAN</b> Director - Finance	<b>CMDE R. P. PREM KUMAR, VSM (Retd.)</b> <b>RAJKUMAR</b>		<b>A. GANESAN</b> Partner Membership No.021438
Chennai May 30, 2014	Directors		

# HIGH ENERGY

## BATTERIES (INDIA) LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

	Note No.	YEAR ENDED 31-03-2014	YEAR ENDED 31-03-2013
<b>(₹ in Lakhs)</b>			
<b>Revenue from Operations</b>			
Revenue from sale of Batteries & Testing Servises (Gross)	21	3215.03	6790.04
Less : Excise duty		160.76	139.08
<b>Revenue from sale of Batteries &amp; Testing Servises (Net)</b>		<b>3054.27</b>	<b>6650.96</b>
Other Operating Revenue - Sale of Scrap		12.74	8.09
<b>Other Income</b>	22	<b>97.76</b>	<b>15.68</b>
<b>Total Revenue</b>		<b>3164.77</b>	<b>6674.73</b>
<b>Expenses</b>			
Cost of raw materials and Components consumed	23	2077.83	3814.58
Purchase of Stock-in-trade		163.85	638.01
(Increase) / Decrease in the inventory of Finished goods and Work in Progress	24	(447.20)	(235.05)
Employee Benefits Expense	25	707.07	734.90
Other Expenses	26	908.11	1068.96
<b>Total Expenses</b>		<b>3409.66</b>	<b>6021.40</b>
<b>Profit / (Loss) before Finance Cost and Depreciation</b>		<b>(244.89)</b>	<b>653.33</b>
Finance Cost	27	582.39	441.24
Depreciation		150.49	160.98
<b>Profit / (Loss) Before Tax</b>		<b>(977.77)</b>	<b>51.11</b>
<b>Tax Expenses</b>			
Current Tax			
- MAT Tax Provision			8.20
- MAT Credit Entitlement		--	(8.20)
Deferred Tax Liability / (Asset)		(355.23)	14.51
<b>Total Tax Expenses</b>		<b>(355.23)</b>	<b>14.51</b>
<b>Profit / (Loss) After Tax</b>		<b>(622.54)</b>	<b>36.60</b>
<b>Earning per Share</b>			
Basic and Diluted Earning per share of ₹ 10/- each		(34.73)	2.04
Notes to Financial Statements 1 to 41			
<b>G.A. PATHANJALI</b> Managing Director	<b>N. GOPALARATNAM</b> <b>R. VAIDYANATHAN</b> <b>A.L. SOMAYAJI</b>	<b>S.V. RAJU</b> Secretary	Vide our Report of even date attached For M/s. <b>R. SUBRAMANIAN AND COMPANY</b> Chartered Accountants Firm Registration No. 0041378
<b>T.R. SIVARAMAN</b> Director - Finance	<b>CMDE R. P. PREM KUMAR, VSM (Retd.)</b> <b>RAJKUMAR</b>		<b>A. GANESAN</b> Partner Membership No.021438
Chennai May 30, 2014	Directors		



## Notes on Financial Statements for the Year ended 31st March, 2014

1. Notes forming part of the Balance Sheet as at 31<sup>st</sup> March 2014 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2014.

### **SIGNIFICANT ACCOUNTING POLICIES**

a) Accounting Concepts

The accounts are prepared under historical cost convention in accordance with generally accepted accounting principles and applicable Accounting Standards.

b) Use of Estimates

Estimates and assumptions made by Management in the preparation of Financial Statements have a bearing on reported amounts of Financial Results, Assets & Liabilities and the disclosure of Contingent Liabilities. Actual results could differ from those estimates. Any revision to accounting estimate is recognized prospectively.

c) Revenue Recognition

Revenue is recognized and expenditure is accounted for on their accrual. Excise duty recovery from customer is deducted from Gross Turnover. Excise duty differential between closing and opening stock of excisable goods is included under other expenses.

Revenue from domestic sale is recognized on delivery to the carrier, when risk and rewards of ownership pass on to the customers.

Revenue from Export sales is recognized when risk and rewards are passed on to the customers in accordance with the terms of the contract.

Dividend income is recognized when the right to receive payment is established.

Other items of income are recognized when there is no significant uncertainty as to measurability or collectability.

d) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses and interest and finance charges on related borrowings during construction period.

Any income earned during construction period is netted against cost of the Project.

e) Depreciation

The assets, with the exception of plant and machinery, are depreciated on written down value basis. Plant and Machinery are depreciated on straight-line method. Depreciation is provided in accordance with Schedule XIV of the Companies Act 1956.

f) Inventories

Inventories are stated at lower of cost and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the Inventories to their present location and condition net off CENVAT/VAT credit entitlement. The cost is arrived on weighted average basis. Tools cost is written off over a period of three years.

**Notes on Financial Statements for the Year ended 31st March, 2014**

- g) Investment  
Long term investments are stated at cost. Any diminution in the value of Long term investments is charged to Profit and Loss Account, if such a decline is other than temporary in the opinion of the Management.
- h) Research and Development Expenditure  
Expenditure incurred on Scientific Research, other than Capital Expenditure, are written off to revenue in the year in which they are incurred. Capital Expenditure is added to the Cost of Fixed Assets and depreciated accordingly.
- i) Employee Benefits  
Short term Employee benefits are charged at the undiscounted amount to Profit and Loss account in the year in which related service is rendered.  
Contributions to defined contribution schemes towards retirement benefits in the form of provident fund and superannuation fund for the year are charged to profit and loss account as incurred.  
Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary. Actuarial gains or losses are recognized immediately in the profit and loss account. Obligation for leave encashment is recognized in the same manner.  
Other Terminal benefits are recognised as an expense as and when incurred.
- j) Provision, Contingent Liabilities and Contingent Assets  
Provisions are recognised when there is a present obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Contingent Liabilities are disclosed, unless the possibility of any outflow in settlement is remote, in the notes on Accounts. Contingent assets are neither recognised nor disclosed.
- k) Taxes on Income  
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.
- l) Foreign Exchange Transactions  
Transactions in foreign exchange are initially recognised at the rates prevailing on the dates of transactions.  
Premium or discount arising at the inception of forward contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognised in the reporting period in which exchange rates change.



## Notes on Financial Statements for the Year ended 31st March, 2014

Foreign Currency Liabilities/ assets at the close of the year are restated, adopting the contracted/year-end rates, as applicable. Resultant exchange difference is recognised as income or expense in that period.

m) Insurance Claims

Insurance claims are accounted on the basis of claims lodged and accepted.

n) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of assets exceed their recoverable amount.

p) Earnings per share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "unallocable".

There are no inter segment revenue and therefore their basis of measurement does not arise.

r) Derivatives

The Company enters into Futures Contracts in Silver to hedge the price risk consistent with its Risk Management Policy. The Company does not use these contracts for speculative purpose.

Losses in respect of the Futures Contracts as at the Balance Sheet date are charged to Statement of Profit and Loss by marking them to market, while gains are ignored.

s) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating lease. Operating Lease payments are recognized as an expense in the revenue account as per the lease terms.

**Notes on Financial Statements for the Year ended 31st March, 2014**

	AS AT 31-03-2014	AS AT 31-03-2013		
	(₹ in Lakhs)			
<b>2 Authorised Capital</b>				
7500000 (31.03.2013 - 7500000) equity shares of ₹ 10/- each	750.00	750.00		
<b>Issued, Subscribed and Fully paid up shares</b>				
1792768 (31.03.2013 - 1792768) equity shares of ₹ 10/- each	179.28	179.28		
<b>Total of Issued, Subscribed and Fully paid up shares</b>	<b>179.28</b>	<b>179.28</b>		
<b>a Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period</b>				
	AS AT 31-03-2014		AS AT 31-03-2013	
	Nos	(₹ in Lakhs)	Nos	(₹ in Lakhs)
At the Beginning of the year	1792768	179.28	1792768	179.28
Issued During the year	--	--	--	--
Outstanding at the end of the year	1792768	179.28	1792768	179.28
<b>b Details of Shareholders holding more than 5% of shares</b>				
Name of Shareholder	AS AT 31-03-2014		AS AT 31-03-2013	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Seshasayee Paper and Boards Limited	282911	15.78	282911	15.78
Life Insurance Corporation of India	239000	13.33	239000	13.33
Time Square Investments (P) Limited	165463	9.23	165463	9.23
Ponni Sugars (Erode) Limited	100000	5.58	100000	5.58





### Notes on Financial Statements for the Year ended 31st March, 2014

	AS AT 31-03-2014	AS AT 31-03-2013
(₹ in Lakhs)		
<b>3 Reserves and Surplus</b>		
<b>a Capital Redemption Reserve</b>		
Balance as per last Balance Sheet	3.00	3.00
<b>b Securities Premium Account</b>		
Balance as per last Balance Sheet	783.34	783.34
<b>c General Reserve</b>		
Balance as per last Balance Sheet	848.00	964.00
Less : Transfer to Statement of P&L	-	(116.00)
	<u>848.00</u>	<u>848.00</u>
<b>d Surplus / (Deficit) in the Statement of Profit and Loss</b>		
Balance as per last Balance Sheet	21.66	(109.96)
Add : Surplus / (Deficit) for the year	(622.54)	36.60
Transfer from General Reserve	-	116.00
	<u>(600.88)</u>	<u>42.64</u>
Less : Appropriation		
Dividend @ 10%	-	(17.93)
Tax on Dividend	-	(3.05)
	<u>-</u>	<u>(20.98)</u>
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(600.88)</b>	<b>21.66</b>
<b>Total</b>	<b>1033.46</b>	<b>1656.00</b>

### 4 Long Term Borrowings

#### Term Loan From Banks - Secured

Rupee Loan	83.04	309.81
Car Loan	2.39	3.74
<b>Total</b>	<b>85.43</b>	<b>313.55</b>

Rupee Term Loan from Banks including current maturities (Vide Note No 10) are secured by Paripassu First charge on movable and immovable fixed assets of the Lead Acid Battery Facility and Paripassu Second charge on all other existing movable and immovable fixed assets of the Company.

Car loan is secured by the hypothecation of the vehicle financed.

**Notes on Financial Statements for the Year ended 31st March, 2014**

AS AT 31-03-2014 AS AT 31-03-2013

(₹ in Lakhs)

Rupee Term Loan is repayable as detailed below :

**CANARA BANK :**

Term Loan 1 20 Quarterly Instalments of ₹ 12.50 Lakhs each commencing 31<sup>st</sup> Mar 2011.  
Term Loan 2 20 Quarterly Instalments of ₹ 1.25 Lakhs each commencing from 31<sup>st</sup> May 2011.

**UCO BANK :**

Term loan 1 5 Annual Instalments of ₹ 100 Lakhs each commencing from 31<sup>st</sup> March 2011.  
Term Loan 2 Repayable in Annual instalments commencing from 31<sup>st</sup> May 2011, First Instalment of ₹ 5 Lakhs, 2<sup>nd</sup> 3<sup>rd</sup> & 4<sup>th</sup> Instalments of ₹ 10 Lakhs each and Fifth & Final instalment of ₹ 15 lakhs.

**INDIAN BANK :**

Term Loan 1 20 Quarterly Instalments of ₹ 12.50 Lakhs each commencing 31<sup>st</sup> Jan 2011.  
Term Loan 2 20 Quarterly Instalments of ₹ 1.25 Lakhs each commencing 31<sup>st</sup> Mar 2011.  
Car Loan is repayable in 60 equated monthly instalments commencing from September 2011.

**5 Deferred Tax Liabilities (Vide Note No.28)**

**Deferred Tax Liabilities**

On account of Depreciation 300.23 338.95

**Gross Deferred Tax Liability 300.23 338.95**

**Deferred Tax Assets**

43B Disallowances 12.07 12.16

Unabsorbed Losses and allowances under  
Income Tax Act 1961 559.28 242.68

**Gross Deferred Tax Assets 571.35 254.84**

**Net Deferred Tax Liabilities / (Asset) (271.12) 84.11**

**6 Other Long Term Liabilities**

Advances from Customers 831.12 89.71

**Total 831.12 89.71**

Advances represents amount to be adjusted from invoices after one year based on delivery period as stipulated in the contract by customers.

**7 Long Term Provisions**

Provision for Warranty (vide Note No 31) 11.31 12.95

Provision for Leave Benefits 27.93 26.37

**Total 39.24 39.32**



## Notes on Financial Statements for the Year ended 31st March, 2014

	AS AT 31-03-2014	AS AT 31-03-2013
<b>8 Short Term Borrowings</b>		
	(₹ in Lakhs)	
<b>Secured Working Capital Loans</b>		
Cash Credit Loan	2913.90	2726.94
Bills Purchased	745.01	-
<b>Total</b>	<b>3658.91</b>	<b>2726.94</b>

Working Capital Facilities from Banks are secured by :

- Paripassu first charge on all stocks of Raw Materials, Finished Goods, Stock in Process, Stores, Spares and movable assets of the company.
- Paripassu first charge on all immovable fixed assets of the company excepting those pertaining to Lead Acid Battery Facility.
- Paripassu second charge on all movable and immovable fixed assets of the Lead Acid Battery Facility.
- Lien on Fixed Deposits (including interest) aggregating to ₹ 60.43 Lakhs.

### 9 Trade Payables

Micro and Small Enterprises	--	--
Goods	822.19	192.98
Services	167.35	142.08
<b>Total</b>	<b>989.54</b>	<b>335.06</b>

Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to such parties.

### 10 Other Current Liabilities

Current Maturities of Long Term Borrowings	242.52	226.84
Advance received from customers	438.65	811.11
Unclaimed Dividends	3.32	3.72
Sales Tax	71.90	53.23
Professional Tax	-	5.66
Tax Deducted at Source	3.93	3.84
Others	12.50	5.86
<b>Total</b>	<b>772.82</b>	<b>1110.26</b>

### 11 Short Term Provisions

Provision for Employee Benefits - Gratuity	-	8.05
Provision for Leave Benefits	2.47	-
Provision for Warranty (vide Note No 31)	1.54	1.45
Dividend	-	20.98
Provision for Excise Duty on Finished Goods	19.04	13.55
<b>Total</b>	<b>23.05</b>	<b>44.03</b>

Notes on Financial Statements for the Year ended 31st March, 2014

12 FIXED ASSETS - Tangible Assets

(₹ in Lakhs)

Description	Cost as on 01-Apr-13	Gross Block			Depreciation			Net Block		
		Additions	Deductions	Cost as on 31-Mar-14	Upto 31-Mar-13	For the Year	Withdrawn	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Land	35.92	-	1.16	34.76	--	--	--	--	34.76	35.92
Building	852.21	21.35	--	873.56	437.09	38.11	--	475.20	398.36	415.12
Plant & Machinery	2387.64	15.95	--	2403.59	962.31	97.82	--	1060.13	1343.46	1425.33
Electrical Installation	132.11	-	--	132.11	85.19	6.52	--	91.71	40.40	46.92
Office Equipment	149.65	1.90	--	151.55	125.68	6.19	--	131.87	19.68	23.97
Furniture & Library	23.56	-	--	23.56	21.71	0.34	--	22.05	1.51	1.85
Vehicles	18.99	-	--	18.99	13.14	1.51	--	14.65	4.34	5.85
<b>TOTAL</b>	<b>3600.08</b>	<b>39.20</b>	<b>1.16</b>	<b>3638.12</b>	<b>1645.12</b>	<b>150.49</b>	<b>--</b>	<b>1795.61</b>	<b>1842.51</b>	<b>1954.96</b>
Previous Year	<b>3577.14</b>	<b>26.49</b>	<b>3.55</b>	<b>3600.08</b>	<b>1486.57</b>	<b>160.98</b>	<b>2.43</b>	<b>1645.12</b>	<b>1954.96</b>	<b>2090.57</b>



## Notes on Financial Statements for the Year ended 31st March, 2014

	AS AT 31-03-2014	AS AT 31-03-2013
<b>(₹ in Lakhs)</b>		
<b>13 Non Current Investments - Long Term</b>		
<b>Non Trade</b>		
<b>Investment in Equity Shares (Quoted)</b>		
280382 (Previous year : 280232) Equity Shares of ₹ 10/- each in Ponni Sugars (Erode) Limited, fully paid up	54.34	54.34
10329 (Previous year : 10329) Equity Shares of ₹ 10/- each in Seshasayee Paper and Boards Limited, fully paid up	1.25	1.25
<b>Investment in Equity Shares (Unquoted)</b>		
45000 (Previous year : 45000) Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited, fully paid up	4.51	4.51
1500 (Previous year : 1500) Equity Shares of ₹ 10/- each in GPC Technologies Limited, fully paid up	0.15	0.15
830 (Previous year : 830) Equity Shares of ₹ 10/- each in Esvin Advanced Technologies Limited, fully paid up	0.08	0.08
<b>Total</b>	<b>60.33</b>	<b>60.33</b>
Aggregate cost of Quoted investments (Market value ₹ 29382403; 31.03.2013 - ₹ 73634030)	55.59	55.59
Aggregate cost of unquoted Investments	4.74	4.74
<b>14 Long Term Loans and Advances</b>		
<b>Unsecured and considered good</b>		
Electricity Deposits	14.66	14.30
Telephone Deposits	0.45	0.56
Deposit - Others	5.12	4.83
Rental Deposit	14.09	12.68
<b>Total</b>	<b>34.32</b>	<b>32.37</b>

**Notes on Financial Statements for the Year ended 31st March, 2014**

	AS AT 31-03-2014	AS AT 31-03-2013
	(₹ in Lakhs)	
<b>15 Inventories (Valued at lower of Cost and Net Realisable Value)</b>		
Raw Materials and Components [Includes Materials in transit of ₹ 8.00 Lakhs (31.03.2013 - ₹ 7.76 Lakhs)]	1710.86	1749.45
Work in progress	597.69	565.11
Finished Goods (includes Stock in Trade of ₹ 44.79 Lakhs) (31.03.2013 - ₹ 101.28 Lakhs)	796.93	382.31
Stores and Spares	79.17	84.28
Loose Tools	19.36	20.68
<b>Total</b>	<b>3204.01</b>	<b>2801.83</b>
<b>Details of Finished Goods</b>		
Aerospace, Naval and Power System Batteries	666.83	69.05
Lead Acid Storage Batteries	130.10	313.27
<b>Total</b>	<b>796.93</b>	<b>382.32</b>
<b>16 Trade Receivables</b>		
<b>Unsecured considered Good unless stated otherwise</b>		
<b>Unsecured, considered Good</b>		
Exceeding six months	224.53	176.77
Other Debts	1333.60	998.46
<b>Unsecured, considered doubtful</b>		
Exceeding six months	1.06	-
	<b>1559.19</b>	<b>1175.23</b>
Less : Provision for doubtful debts	(1.06)	-
<b>Total</b>	<b>1558.13</b>	<b>1175.23</b>
<b>17 Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Balances with banks	144.15	139.00
Cash in hand	1.60	1.98
<b>Other Bank Balances</b>		
Deposits with Original maturity for more than 12 months	60.43	56.91
Unpaid Dividend Account	3.32	3.72
<b>Total</b>	<b>209.50</b>	<b>201.61</b>
Deposits with banks are held as a security for the short term loans taken from various banks.		



## Notes on Financial Statements for the Year ended 31st March, 2014

	AS AT 31-03-2014	AS AT 31-03-2013
(₹ in Lakhs)		
<b>18 Short Term Loans and Advances</b>		
<b>Unsecured Considered Good</b>		
Advances to Suppliers and Services	252.99	129.26
Advance Income Tax (Net of provision)	110.10	90.44
Balance with Central Excise, Customs, etc.	0.05	3.34
<b>Total</b>	<b>363.14</b>	<b>223.04</b>
<b>19 Other Current Assets</b>		
<b>Unsecured Considered Good</b>		
Cenvat / Service Tax / VAT receivable	38.11	97.21
MAT Credit entitlement	31.68	31.68
<b>Total</b>	<b>69.79</b>	<b>128.89</b>
<b>20 Contingent Liabilities and Commitments</b>		
Counter Guarantees and Commitments on Letters of Credit	894.53	1700.00
Claims against the company not acknowledged as Debts	28.00	28.00
Estimated amount of contracts remaining to be executed on capital accounts not provided for	-	8.56
Tamil Nadu VAT under dispute	84.65	-
Claims from Customers under dispute	0.38	-
	<b>YEAR ENDED 31-03-2014</b>	<b>YEAR ENDED 31-03-2013</b>
<b>21 Revenue from Sale of Batteries &amp; Testing Services</b>		
<b>Aerospace, Naval and Power System Batteries</b>		
Silver Zinc Batteries and Cells	2239.53	5247.23
Nickel Cadmium Cells	142.34	21.18
<b>Lead Acid Batteries**</b>		
Lead Acid Batteries	833.16	1521.63
<b>Total</b>	<b>3215.03</b>	<b>6790.04</b>
** Excludes Free / Test and Evaluation samples and includes imported batteries sold in domestic market net of sales return.		

**Notes on Financial Statements for the Year ended 31st March, 2014**

	YEAR ENDED 31-03-2014	YEAR ENDED 31-03-2013
	(₹ in Lakhs)	
<b>22 Other Income</b>		
Interest Income		
- Bank Deposits	3.87	5.56
- Others	1.40	1.59
Dividend Income - Long Term Investments	5.07	8.43
Profit on sale of Land	69.34	-
Exchange Difference (Net)	7.93	-
Miscellaneous Income	0.07	0.10
Duty free Import Licence	10.08	-
<b>Total</b>	<b>97.76</b>	<b>15.68</b>
<b>23 Cost of Raw Materials and Components consumed</b>		
Silver	607.71	2424.42
Copper	6.69	13.38
Lead	248.69	323.99
Others	326.53	59.99
Components of various descriptions	888.21	992.80
<b>Total</b>	<b>2077.83</b>	<b>3814.58</b>
<b>24 (Increase) / Decrease in Inventory</b>		
Inventory at the end of the year		
- Work In Progress	597.69	565.11
- Finished Goods	752.14	281.03
- Stock in Trade	44.79	101.28
<b>Total</b>	<b>1394.62</b>	<b>947.42</b>
Inventory at the beginning of the year		
- Work In Progress	565.11	314.22
- Finished Goods	281.03	276.28
- Stock in Trade	101.28	121.87
<b>Total</b>	<b>947.42</b>	<b>712.37</b>
(Increase) / Decrease in Inventory	<b>(447.20)</b>	<b>(235.05)</b>
<b>25 Employee Benefits</b>		
Salaries, Wages and Bonus	596.33	606.83
Contribution to Provident and Other Funds	40.95	45.37
Staff Welfare Expenses	69.79	82.70
<b>Total</b>	<b>707.07</b>	<b>734.90</b>





## Notes on Financial Statements for the Year ended 31st March, 2014

	YEAR ENDED 31-03-2014	YEAR ENDED 31-03-2013
	(₹ in Lakhs)	
<b>26 Other Expenses</b>		
Consumption of Stores and Spares	66.07	118.68
Power and Fuel	101.56	159.05
Repairs and Maintenance		
- Plant and Machinery	12.76	12.61
- Buildings	16.69	8.00
- Others	19.55	26.52
Selling Expenses	166.03	192.65
Expenditure on Scientific Research (Note. 29)	80.18	72.44
Rent	20.24	16.04
Incremental Excise Duty on Finished Goods	5.49	13.55
Rates and Taxes	16.10	7.22
Insurance	19.97	13.27
Postage, Telegram and Telephone	16.53	16.55
Travelling and Conveyance	167.83	185.70
Directors' Sitting fees	1.28	1.19
Payment to Auditors (*)	4.86	4.44
Professional and Legal Charges	72.02	70.37
Exchange Difference (Net)	-	24.06
Miscellaneous Expenses	118.66	117.65
Loss on Sale of Asset	-	0.97
Bank Charges - Others	1.23	8.00
Provision for Doubtful Debts	1.06	-
<b>Total</b>	<b>908.11</b>	<b>1068.96</b>
<b>(*) Payments to Auditors</b>		
- Audit Fees	3.37	3.37
- Tax Audit	0.45	0.45
- Certification	1.04	0.62
	<b>4.86</b>	<b>4.44</b>
<b>27 Finance Cost</b>		
Interest on Borrowings	497.05	388.90
Other Borrowing Cost	85.34	52.34
<b>Total</b>	<b>582.39</b>	<b>441.24</b>

**Notes on Financial Statements for the Year ended 31st March, 2014**

28. Transfer to Deferred Tax is mainly on account of difference in charging depreciation prescribed under the Companies Act 1956, and allowable under the Income Tax Act, 1961 and on account of unabsorbed depreciation / business loss under Income Tax Act. Based on firm orders on hand and expected improvements in the performance of the company as a whole, in the opinion of the Management, the company will have adequate taxable income in the future and there exists virtual certainty of the Deferred Tax Asset (DTA) getting realized.
29. Expenditure on Scientific Research includes salaries and allowances ₹ 60.33 lakhs (Previous year ₹ 68.85 lakhs) and materials ₹ 19.85 lakhs (Previous year ₹ 3.59 lakhs)
30. In terms of development contract with a customer, assets and development expenditure of the value of ₹ 191 lakhs has been incurred and equivalent amount received from the customer is netted against the same. The company is holding these assets as a bailee in terms of the development contract.
31. Movement in estimated liability towards Warranty as per Accounting Standard 29 (AS 29)

	<b>31.03.2014</b>	31.03.2013
	<i>(₹ in Lakhs)</i>	
Provision at the beginning of the year	<b>14.40</b>	17.00
Withdrawal during the year	<b>(-) 3.23</b>	(-) 4.05
Addition during the year	<b>(+) 1.69</b>	(+) 1.45
Used during the year	<b>-</b>	-
	<b>12.86</b>	14.40

32. Related Party disclosures, as required by Accounting Standard 18 (AS 18)

- (i) Name of the transacting Related Party:
- Seshasayee Paper and Boards Limited (SPB)
  - Esvi International (Engineers & Exporters) Limited
  - Sri. S. Sridharan, Managing Director (Till 31<sup>st</sup> March 2014)
  - Dr. G A Pathanjali, Executive Director (Effective from 1<sup>st</sup> April 2014, appointed as Managing Director)
- (ii) A description of the relationship between the parties:  
Presumption of Significant influence.
- (iii) A description of the nature of the transactions and volume of the transaction, either as an amount or as an appropriate proportion:



**Notes on Financial Statements for the Year ended 31st March, 2014**

S.No.	Name of the Party	Description of transactions and amount during the year			Amount Outstanding as on 31.03.2014
		Nature of Transaction	₹ in Lakhs		
			31.03.14	31.03.13	
1	Seshasayee Paper and Boards Ltd	Expenses Reimbursement Purchase of Paper Dividend Received	0.69 0.33 0.41	1.39 0.36 0.51	<b>Assets :</b> Investments in : 0.10 lakhs Equity Shares (0.09%) <b>Liabilities :</b> 2.83 lakhs Equity Shares (15.78%) Payables : Nil
2	Esvi International (Engineers & Exporters) Limited	Rent Paid	5.03	5.03	<b>Assets :</b> Nil <b>Liabilities :</b> Nil Payables : Nil
3	Sri S Sridharan Managing Director	Salaries and Perquisites paid	24.22	22.04	Amount due at the end of the year ₹ 5.40 lakhs
4	Dr G A Pathanjali Executive Director	Salaries and Perquisites paid	20.50	17.16	Amount due at the end of the year ₹ 5.87 lakhs

33. The disclosures as required under Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India is as under :-

- a. The company has considered business segment as the primary segments for disclosure. The business segments are Aerospace, Naval and Power System Batteries and Lead Acid Batteries. The above reportable segments have been identified based on the organisation structure as well as differing risks and returns associated with the segments.
- b. Segmental expenses and revenue wherever could not be identified to a particular segment has been treated as Unallocated expenses and revenue.
- c. Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and other liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".

**Notes on Financial Statements for the Year ended 31st March, 2014**

(₹ in Lakhs)

S.No.	Particulars	For the Year Ended 31st March 2014	For the Year Ended 31st March 2013
<b>A)</b>	<b>Primary Segments</b>		
1	Segment Revenue (Net of duties)		
	a) Aerospace, Naval and Power System Batteries	2302.87	5243.80
	b) Lead Acid Storage Batteries	751.40	1407.16
	<b>Net Sales / Income from Operations</b>	<b>3054.27</b>	<b>6650.96</b>
2	<b>Segment Results Profit / (Loss) Before Tax</b>		
	a) Aerospace, Naval and Power System Batteries	328.77	888.50
	b) Lead Acid Storage Batteries	(724.15)	(396.15)
	Less : Unallocable expenditure net of unallocable income	582.39	441.24
	<b>Profit / (Loss) Before Tax</b>	<b>(977.77)</b>	<b>51.11</b>
3	<b>Other Information</b>		
	<b>Segment Assets</b>		
	a) Aerospace, Naval and Power System Batteries	4513.85	3534.27
	b) Lead Acid Storage Batteries	2168.21	2495.29
	c) Unallocable (Net)	930.79	548.70
	<b>Total (A)</b>	<b>7612.85</b>	<b>6578.26</b>
	<b>Segment Liabilities</b>		
	a) Aerospace, Naval and Power System Batteries	2144.50	1106.75
	b) Lead Acid Storage Batteries	409.49	628.33
	c) Unallocable (Net)	3846.12	3007.90
	<b>Total (B)</b>	<b>6400.11</b>	<b>4742.98</b>
	<b>Capital Employed (A) - (B)</b>	<b>1212.74</b>	<b>1835.28</b>
	Total Capital Expenditure incurred during the year	39.20	26.49
	Depreciation for the year	150.49	160.98
<b>B)</b>	<b>Secondary Segments (Geographical)</b>		
	Segment Revenue (Net of duties)		
	a) Export sales	120.85	3124.70
	b) Domestic sales	2933.42	3526.26
	<b>Total</b>	<b>3054.27</b>	<b>6650.96</b>

**34. Employee Benefits**

**i) Defined Contribution Plans**

Contribution of ₹ 33.09 lakhs to defined contribution plans is recognized as expense and included in Employee Benefits (Note No. 25) in the profit and loss account. (Previous year ₹ 31.38 lakhs)



**Notes on Financial Statements for the Year ended 31st March, 2014**

**ii) Defined Benefit Plans**

Disclosure for defined plans based on actuarial valuation as on 31.03.2014.

General Description	Post Employment Benefit		Long Term Compensated absence	
	Gratuity - Funded Plan - Non Contributory		Leave Encashment - Unfunded - Non Contributory	
	31.03.14	31.03.13	31.03.14	31.03.13
	₹ in Lakhs		₹ in Lakhs	
<b>(i) Change in Defined Benefit obligation</b>				
Present Value - Opening balance	145.47	132.63	26.37	20.58
Current service cost	6.67	6.89	4.27	5.77
Interest cost	12.42	11.01	1.93	1.54
Past service cost	-	-	-	-
Actuarial loss / (gain)	(2.01)	4.18	2.92	3.73
Benefits paid	(18.00)	(9.24)	(5.09)	(5.25)
Present Value - Closing balance	<b>144.55</b>	<b>145.47</b>	<b>30.40</b>	<b>26.37</b>
<b>(ii) Change in Fair Value of Plan Assets</b>				
Opening Balance	137.42	121.21	-	-
Expected return on plan assets	11.89	11.46	-	-
Actuarial gain/(loss)	0.17	(0.50)	-	-
Contributions	14.79	14.49	5.09	5.25
Benefits paid	(18.00)	(9.24)	(5.09)	(5.25)
Closing balance	<b>146.27</b>	<b>137.42</b>	-	-
Actual return	12.05	10.95	-	-
<b>(iii) Amount Recognised in the Balance Sheet</b> (as at year end)				
Present value of the obligation	144.55	145.47	30.40	26.37
Fair value of plan assets	146.27	137.42	-	-
Net (asset) / liability recognised	<b>(1.72)</b>	<b>8.05</b>	<b>30.40</b>	<b>26.37</b>

**Notes on Financial Statements for the Year ended 31st March, 2014**

General Description	Post Employment Benefit		Long Term Compensated absence	
	Gratuity - Funded Plan - Non Contributory		Leave Encashment - Unfunded - Non Contributory	
	31.03.14	31.03.13	31.03.14	31.03.13
	₹ in Lakhs		₹ in Lakhs	
(iv) <b>Expenses recognized in the profit and loss account</b>				
Current service cost	6.67	6.89	4.27	5.77
Past service cost	-	-	-	-
Interest cost	12.42	11.01	1.93	1.54
Expected return on plan assets	(11.89)	(11.46)	-	-
Net actuarial (gain)/loss	(2.17)	4.69	2.92	3.73
Total included in 'Employee Cost' (Note 25)	5.03	11.13	9.12	11.04
(v) Asset Information	Insurance Policy 100%		-	
(vi) <b>Principal actuarial assumptions</b>	LIC (1994-96) Ultimate table		LIC (1994-96) Ultimate table	
Mortality				
Discount rate (%)	9.10	8.10	9.10	8.10
Future salary increase (%)	5.00	5.00	5.00	5.00
Rate of return of plan assets (%)	8.75	9.25	-	-
Expected average remaining working lives of employees (Years)	11.20	13.60	10.50	10.00
(vii) Expected Contribution (₹ in lakhs)	15.00	15.00	-	-
(viii) The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as, supply and demand in the employment market.				

Amount for the current and previous four years are as follows:

₹ in Lakhs

Particulars	Gratuity					Leave Encashment				
	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10	31.03.14	31.03.13	31.03.12	31.03.11	31.03.10
Defined Benefit Obligation	144.55	145.47	132.63	127.47	100.79	30.40	26.37	20.58	19.53	16.80
Plan Assets	146.27	137.42	121.21	104.87	93.11	-	-	-	-	-
Surplus / (Deficit)	1.72	(8.05)	(11.42)	(22.60)	(7.68)	(30.40)	(26.37)	(20.58)	(19.53)	(16.80)
Experience adjustments on Plan Liabilities	(7.36)	0.64	(3.05)	(7.20)	(12.57)	(4.71)	(2.95)	(0.41)	1.97	0.45
Experience adjustments on Plan Assets	0.17	(0.51)	(0.50)	(0.18)	(0.40)	-	-	-	-	-



### Notes on Financial Statements for the Year ended 31st March, 2014

	31-03-2014	31-03-2013
<b>35. Value of Imports on CIF Basis</b>	(₹ in Lakhs)	
Raw materials and Components	347.51	2278.15
Stores and Spares	1.31	16.71
Capital Goods	4.29	-
	<u>353.11</u>	<u>2294.86</u>
<b>36. Expenditure in Foreign Currency during the year</b>		
Foreign Travel Expenditure	9.44	12.77
Consultancy Charges	13.93	9.92
	<u>23.37</u>	<u>22.69</u>
<b>37. Earnings in Foreign Currency during the year</b>		
Export of Goods on F.O.B basis	120.85	3124.70
	<u>120.85</u>	<u>3124.70</u>

	31-03-2014		31-03-2013	
	Value	%	Value	%
	(₹ in Lakhs)			
Raw materials and Components :				
Imported - Landed Cost	388.19	19.00	2411.84	63.00
Indigenous	1689.64	81.00	1402.74	37.00
	<u>2077.83</u>	<u>100.00</u>	<u>3814.58</u>	<u>100.00</u>
Stores, Spares and Tools :				
Imported - Landed Cost	7.20	11.00	3.25	3.00
Indigenous	58.87	89.00	115.43	97.00
	<u>66.07</u>	<u>100.00</u>	<u>118.68</u>	<u>100.00</u>

### 39. Basis for Calculation of Basic and Diluted Earnings per Share

	2013-2014	2012-2013
Net Profit/(Loss) as per Profit and Loss Account ₹	(622 54 474)	36 60 431
Weighted Average Number of Equity Shares Nos.	17 92 768	17 92 768
Face Value ₹	10	10
Basic and Diluted Earnings per share ₹	(34.73)	2.04

### 40. Disclosure as per Accounting Standard 19 - Leases

#### Operating Lease:

The Company has taken Office and Godown premises on operating lease and no substantial risk and reward incidental to ownership of the assets has been obtained. All lease agreements are cancellable at the option of the company.

41. Previous year figures have been regrouped and rearranged wherever necessary.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

Description	FOR THE YEAR ENDED 31-03-2014	FOR THE YEAR ENDED 31-03-2013
<b>(₹ in Lakhs)</b>		
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax and exceptional items	(977.77)	51.11
<b>Adjustments for :</b>		
Depreciation	150.49	160.98
Finance Cost less Interest Received	577.12	434.09
(Profit)/Loss on Sale of Assets	(69.34)	0.97
Dividend from Non Trade Investments	(5.07)	(8.43)
	653.20	587.61
<b>Operating Profit / (Loss) before Working Capital Changes</b>	<b>(324.57)</b>	<b>638.72</b>
<b>Adjustments for :</b>		
Trade and other Receivables	(445.80)	(100.39)
Inventories	(402.18)	247.80
Trade and other Payables	1058.78	(769.73)
	210.80	(622.32)
Cash generated from Operation	(113.77)	16.40
Income tax paid / Refund	(19.66)	(45.93)
Net Cash from Operating Activities	(133.43)	(29.53)
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(39.20)	(26.49)
Dividend from Non Trade Investments	5.07	8.43
Interest Received	5.27	7.15
Sale of Fixed Assets	70.50	0.13
Net Cash from / (used) in Investing Activities	41.64	(10.78)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014 (Continued)**

Description	FOR THE YEAR ENDED 31-03-2014	FOR THE YEAR ENDED 31-03-2013
<b>C. Cash Flow from Financing Activities</b>		
(₹ in Lakhs)		
Repayment of Long Term Borrowings	(228.12)	(242.56)
Working Capital Loan	931.97	816.39
Finance Cost Paid	(582.39)	(441.24)
Dividend and Dividend Tax Paid	(21.38)	-
Net Cash from / (used) in Financing Activities	100.08	132.59
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	8.29	92.28
Cash and Cash Equivalents at the beginning	197.89	105.61
Cash and Cash Equivalents at the end *	206.18	197.89

\* Includes Fixed Deposits with Banks aggregating to Rs. 60.43 lakhs (Previous year Rs. 56.91 lakhs) given as security for certain Short Term Borrowings from Banks.

**G.A. PATHANJALI**  
Managing Director

**N. GOPALARATNAM**  
**R. VAIDYANATHAN**

**S.V. RAJU**  
Secretary

Vide our Report of even date attached  
For **M/s. R. SUBRAMANIAN AND COMPANY**  
Chartered Accountants

**T.R. SIVARAMAN**  
Director - Finance

**A.L. SOMAYAJI**  
**CMDE R. P. PREM KUMAR, VSM (Retd.)**  
**RAJKUMAR**

Firm Registration No. 004137S

Chennai  
May 30, 2014

Directors

**A. GANESAN**  
Partner  
Membership No.021438



## HIGH ENERGY BATTERIES (INDIA) LIMITED

CIN : L36999TN1961PLC004606  
Registered Office : 'ESVIN HOUSE',  
13, Old Mahabalipuram Road, Perungudi, CHENNAI - 600 096.

### ATTENDANCE SLIP

Folio No.	DP ID*	Client ID*	No. of Shares

\*Applicable to Members holding shares in Electronic Form

1. \_\_\_\_\_ ( Name of the Shareholders / Proxy) hereby record my presence at the 53<sup>rd</sup> Annual General Meeting of the Company held on Monday, the 21<sup>st</sup> July 2014 at 11.00 A.M. at New Woodlands Hotel Pvt Ltd., 72-75 Dr Radhakrishnan Road, Mylapore, Chennai - 600 004.

Signature of Shareholder / Proxy

Note :

- Please complete this attendance slip and hand it over at the entrance of the meeting hall.
- Only shareholders of the Company or their Proxies will be allowed to attend the meeting on production of the attendance slip duly completed and signed.



## HIGH ENERGY BATTERIES (INDIA) LIMITED

CIN : L36999TN1961PLC004606  
Registered Office : 'ESVIN HOUSE',  
13, Old Mahabalipuram Road, Perungudi, CHENNAI - 600 096.

### PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration Rules, 2014)]

Name of the member(s)		Email ID	
Registered Address		Folio	
		DP ID / Client ID	

I / We, being the member (s) holding \_\_\_\_\_ shares of the above named company, hereby appoint

- Name :  
Address  
Email id :  
Signature : \_\_\_\_\_ (, or failing him)
- Name :  
Address  
Email id :  
Signature : \_\_\_\_\_ (, or failing him)
- Name :  
Address  
Email id :  
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53<sup>rd</sup> Annual General Meeting of the Company, to be held on Monday, the 21<sup>st</sup> day of July 2014 at 11.00 A.M at New Woodlands Hotel Pvt Ltd., 72-75 Dr Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Resolution No	Business	Vote (Optional see Note 4) (Please mention no. of shares)		
		For	Against	Abstain
1	Adoption of Financial Statements			
2	Reappointment of Sri N Gopalaratnam, who retires by rotation			
3	Appointment of Auditors and fixing their remuneration			
4	Appointment of Sri A L Somayaji as an Independent Director			
5	Appointment of Cmde. R P Prem Kumar as an Independent Director			
6	Appointment of Dr. G A Pathanjali as Managing Director			
7	Appointment of Sri T R Sivaraman as Director (Finance)			
8	Remuneration of Cost Auditor for FY 2014-15			
9	Borrowing Powers under Section 180 of the Companies Act, 2013			
10	Mortgage of Assets under Section 180 of the Companies Act, 2013			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of Shareholder

Affix ₹ 1  
Revenue  
Stamp

Signature of Proxy holder(s)

**Note:**

1. **Proxy**

**A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a Member of the company.**

**Deposit of proxy**

Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting or in the case of poll not less than 24 hours before the time appointed for the taking of the poll.

2 A person can act as a Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3 In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

4 It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.