# EXIDE INDUSTRIES LIMITED

**S. B. Ganguly**, *Chairman Emeritus (upto 30th April, 2010)*

## BOARD OF DIRECTORS

**R. G. Kapadia,** *Chairman & Non Executive Director*
**R. B. Raheja**, *Vice Chairman & Non-Executive Director*
**T. V. Ramanathan,** *Managing Director & Chief Executive Officer*
**G. Chatterjee,** *Director – Industrial*
**S. K. Mittal**, *Director – Research & Development (upto 30th April, 2010)*
**P. K. Kataky,** *Director – Automotive*
**A. K. Mukherjee,** *Director – Finance & Chief Financial Officer*
**Vijay Aggarwal**, *Non Executive Director*
**H M Kothari**, *Non Executive Director*
**Bhaskar Mitter**, *Non Executive Director*
**S. N. Mookherjee,** *Non Executive Director*
**A. H. Parpia**, *Non Executive Director (upto 28th April, 2010)*
**S. B. Raheja**, *Non Executive Director*
**D. S. Parekh**, *Non Executive Director (Alternate to S. B. Raheja)*
**Mona N Desai,** *Non Executive Director (w.e.f. 28th April, 2010)*
**W. Wong**, *Non Executive Director*

## SECRETARY

**S. Coomer**

## AUDIT COMMITTEE

**R. G. Kapadia**
**Bhaskar Mitter**
**S. N. Mookherjee**
**Vijay Aggarwal**

## REMUNERATION COMMITTEE

**Bhaskar Mitter**
**R. G. Kapadia**
**T. V. Ramanathan**
**S. N. Mookherjee**
**Vijay Aggarwal**

## SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

**Bhaskar Mitter**
**T. V. Ramanathan**
**G. Chatterjee**

## SHARE TRANSFER COMMITTEE

**T. V. Ramanathan**
**G. Chatterjee**
**P. K. Kataky**
**A. K. Mukherjee**

## BANKING OPERATIONS COMMITTEE

**T. V. Ramanathan**
**G. Chatterjee**
**P. K. Kataky**
**A. K. Mukherjee**

## EXECUTIVE COMMITTEE

**T. V. Ramanathan**
**G. Chatterjee**
**S. K. Mittal** *(upto 30th April, 2010)*
**P. K. Kataky**
**A. K. Mukherjee**
**S. Coomer**
**Nadeem Kazim**
**Subhas C. Chalasani** *(w.e.f. 1st May, 2010)*

## BANKERS

State Bank of India
Standard Chartered Bank
Citibank N.A.
The Hongkong and Shanghai Banking Corporation Limited
BNP Paribas
HDFC Bank Limited
Deutsche Bank AG
ICICI Bank Limited
Royal Bank of Scotland N.V.
Bank of America N.A.

## STATUTORY AUDITORS

**S.R. Batliboi & Co.**
Chartered Accountants
22, Camac Street, Block 'C', 3rd Floor
Kolkata 700 016

## REGISTRAR AND SHARE TRANSFER AGENT

**C.B. Management Services (P) Ltd.**
P-22, Bondel Road, Kolkata 700 019

## SOLICITORS

**A.H. Parpia & Co.**
Advocates & Solicitors
203-204 Prabhat Chambers
92 S V Road, Khar (West)
Mumbai - 400 052

**Victor Moses & Co**
Advocates & Solicitors
Temple Chambers
6, Old Post Office Street
Kolkata 700 001

## REGISTERED OFFICE

EXIDE HOUSE
59E, Chowringhee Road
Kolkata 700 020

**EXIDE INDUSTRIES LIMITED**

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# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 63rd Annual General Meeting of the Company will be held at Kala Mandir, 48 Shakespeare Sarani, Kolkata -700 017 on Wednesday, the 14th day of July, 2010 at 10.30 am to transact the following business:-

**ORDINARY BUSINESS**

1. To consider and adopt the Profit and Loss Account for the year ended 31 March, 2010 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr R G Kapadia who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr S B Raheja who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr H M Kothari who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

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

   "RESOLVED THAT Ms Mona N Desai be appointed as a Director of the Company."

8. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr T V Ramanathan be and is hereby reappointed as the Managing Director and Chief Executive Officer of the Company for a period of two years with effect from 1st May, 2010 upto 30th April, 2012 on such remuneration and terms and conditions of service as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting."

9. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the period, remuneration and terms and conditions of appointment of Mr G Chatterjee, Director-Industrial be and are hereby varied with effect from 1st May, 2010 upto 30th April, 2013 as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting."

10. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the period, remuneration and terms and conditions of appointment of Mr P K Kataky, Director-Automotive be and are hereby varied with effect from 1st May, 2010 upto 30th April, 2013 as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting."

11. 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 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the period, remuneration and terms and conditions of appointment of Mr A K Mukherjee, Director-Finance and Chief Financial Officer be and are hereby varied with effect from 1st May, 2010 upto 30th April, 2015 as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the meeting."

Registered Office:
Exide House
59E Chowringhee Road
Kolkata 700 020

Dated: 28th April, 2010

By Order of the Board

S Coomer
Company Secretary and
Vice President - Legal &
Administration

**NOTES**

a. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding of the Meeting.**

b. The Register of Members and Share Transfer Books of the Company will remain closed from 6th July, 2010 to 14th July, 2010, both days inclusive. Dividend, if declared at the Meeting, will be payable to those members whose names appear in the Company's Register of Members on 14th July, 2010 or to their mandates. Dividend, if any, in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as on 14th July, 2010 as per the details furnished to the Company by both NSDL and CDSL.

c. Information relating to the Directors proposed to be appointed and those retiring by rotation and seeking reappointment at this Meeting, as required under Clause 49(G)(i) of the Listing Agreement with the Stock Exchanges, is annexed to this Notice.

d. Members are requested to immediately notify any change in their address to the Registrar and Share Transfer Agent, C B Management Services (P) Limited, P -22, Bondel Road, Kolkata -700 019

e. Pursuant to Section 205A of the Companies Act, 1956, Dividend for the financial year ended 31st March, 2003 which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government in August 2010. Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2003 and onwards, are requested to claim the amount forthwith from the Company.

f. Members holding shares in physical form are requested to notify/send the following information to the Company or its Registrars to facilitate better service:-

   i. Any change in their address/bank details;

   ii. Particulars of their bank account, in case the same have not been sent earlier; and

   iii. Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.

g. Members holding shares in electronic form are advised that the address/bank details as furnished to the Company by the respective depositories, viz., NSDL and CDSL, will be considered for payment of dividend through ECS.

**Explanatory Statement [Pursuant to Section 173(2) of the Companies Act, 1956]**

**Item No.7**

The Board of Directors at its meeting held on 28th April, 2010, appointed Ms Mona N Desai as an Additional Director to hold office till the ensuing Annual General Meeting of the Company.

A Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing the appointment of Ms Mona N Desai as a Director at the ensuing Annual General Meeting.

Brief particulars of Ms Mona N Desai, as required under Clause 49 of the Listing Agreement, is annexed to this Notice.

Your Directors recommend that the resolution for appointment of Ms Mona N Desai as a Director of the Company be approved by the Members.

Apart from Ms Mona N Desai, no other Director is concerned with or interested in the said resolution.

**Item No. 8**

The term of appointment of Mr T V Ramanathan ("Mr Ramanathan") as Managing Director & Chief Executive Officer expires on 30th April, 2010. The Board of Directors of the Company at its meeting held on 28th April, 2010 reappointed Mr Ramanathan as the Managing Director and Chief Executive Officer for a further period of two years with effect from 1st May, 2010, subject to the approval of the Company in General Meeting.

The remuneration payable to and the terms and conditions of service of Mr Ramanathan as Managing Director & Chief Executive Officer with effect from 1st May, 2010 are set out below:-

| | |
|---|---|
| Salary | Rs 5,75,000/- per month |
| Increment | Salary will be increased by 10% per annum provided performance criteria as laid down by Remuneration Committee of the Board of Directors, are met. |
| Commission | Commission of 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to a maximum of annual salary for each year, based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors and payable annually after the annual accounts have been approved by the Board of Directors and Members of the Company. |
| Performance Bonus | Subject to a maximum amount equivalent to the annual salary based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors. |
| Duties | Subject to the superintendence, control and direction of the Board, he shall have the responsibility of overall management of the business of the Company and for that purpose shall have the power to do all such acts, deeds and things as may be required on behalf of the Company or delegated to him by the Board/Chairman. |
| Period | For a period of two years with effect from 1st May, 2010 to 30th April, 2012. |

**Other terms and conditions:**

| | |
|---|---|
| Perquisites | In addition, to the above salary, increment, commission and performance bonus, the Managing Director & Chief Executive Officer shall be entitled to perquisites like furnished accommodation with expenditure on gas, electricity, water, maintenance and repair thereof or House Rent Allowance with expenditure on gas, electricity, water and furnishings, leave travel allowance for self and family, medical expenses and medical insurance for self and family, fees of clubs, personal accident and life insurance benefits and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors.<br><br>Company's contribution to Provident Fund and Pension Fund not exceeding 27% of salary or such percentage limit as may be prescribed by Income Tax legislation. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and leave including encashment of leave at the end of the tenure, as per Company's policy.<br><br>The overall amount of perquisites shall not exceed an amount equal to the annual salary.<br><br>Provision for use of Company's cars and telephones at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites. In computing the monetary ceiling on perquisites, Company's contribution to Provident Fund, Pension Fund and Gratuity shall not be taken into account.<br><br>Perquisites shall be evaluated as per Income-tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual costs. |

| | |
|---|---|
| Minimum Remuneration | In the absence of or inadequacy of profits in any of the financial years of the Company during the tenure he shall be entitled to such remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under Schedule XIII of the Companies Act, 1956 from time to time. |
| General | In addition, the contract of appointment shall set out the usual rights and obligations of the parties. |
| Termination | The appointment of the Managing Director & Chief Executive Officer is terminable by either party giving three months prior notice to the other. |

The Board considers the aforesaid reappointment on the terms set out above to be in the interest of the Company and therefore recommends that this resolution be adopted by the Members.

Except Mr T V Ramanathan, no other Director is concerned with or interested in the aforesaid resolution.

**Item Nos. 9, 10, and 11**

At the 60th Annual General Meeting of the Company held on 20th July, 2007, the Members approved of a variation in the terms of appointment of Mr G Chatterjee, Director-Industrial and Mr P K Kataky, Director-Automotive for a period of four years with effect from 1st May, 2007 upto 30th April, 2011. At the same Annual General Meeting, the Members also appointed and approved the remuneration payable and terms and conditions of appointment of Mr A K Mukherjee as Director-Finance & Chief Financial Officer for a period of four years with effect from 1st May, 2007 upto 30th April, 2011.

The Board of Directors of the Company, at its meeting held on 28th April, 2010, approved of a variation in the period, remuneration and terms and conditions of service of Mr G Chatterjee, Mr P K Kataky, and Mr A K Mukherjee, subject to the approval of shareholders in the General Meeting.

The period of service, remuneration payable and the terms and conditions of service of Mr G Chatterjee, Mr P K Kataky and Mr A K Mukherjee respectively with effect from 1st May, 2010 are set out below:

| **Terms and Conditions of Service** | **Mr G Chatterjee Director-Industrial** | **Mr P K Kataky Director-Automotive** | **Mr A K Mukherjee Director-Finance & CFO** |
|---|---|---|---|
| Salary | Rs 4,75,000/- per month | Rs 4,75,000/- per month | Rs 2,50,000/- per month |
| Increment | Salary will be increased by 10% per annum provided performance criteria as laid down by Remuneration Committee of the Board of Directors, are met. | Salary will be inceased by 10% per annum provided performance criteria as laid down by Remuneration Committee of the Board of Directors, are met. | Salary will increased by 10% per annum provided performance criteria as laid down by Remuneration Committee of the Board of Directors, are met. |
| Commission | Commission of 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of annual salary for each year, based on certain | Commission of 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of annual salary for each year, based on certain | Commission of 1% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to a maximum of annual salary for each year, based on certain performance |

| Terms and Conditions of Service | Mr G Chatterjee Director-Industrial | Mr P K Kataky Director-Automotive | Mr A K Mukherjee Director-Finance & CFO |
|---|---|---|---|
| | performance criteria to be laid down by the Remuneration Committee of the Board of Directors and payable annually after the annual accounts have been approved by the Board of Directors and Members of the Company. | performance criteria to be laid down by the Remuneration Committee of the Board of Directors and payable annually after the annual accounts have been approved by the Board of Directors and Members of the Company. | criteria to be laid down by the Remuneration Committee of the Board of Directors and payable annually after the annual accounts have been approved by the Board of Directors and Members of the Company. |
| Performance Bonus | Subject to a maximum amount equivalent to the annual salary based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors. | Subject to a maximum amount equivalent to the annual salary based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors. | Subject to a maximum amount equivalent to the annual salary based on certain performance criteria to the laid down by the Remuneration Committee of the Board of Directors. |
| Period | For a period of three years with effect from 1st May, 2010 to 30th April, 2013. | For a period of three years, with effect from 1st May, 2010 to 30th April, 2013. | For a period of five years, with effect from 1st May, 2010 to 30th April, 2015. |

**Other terms and conditions applicable to the above Directors:**

| | |
|---|---|
| Perquisites | In addition, to the above salary, increment, commission and performance bonus, the above Directors shall be entitled to perquisites like furnished accommodation with expenditure on gas, electricity, water, maintenance and repair thereof or House Rent Allowance with expenditure on gas, electricity, water and furnishings, leave travel allowance for self and family, medical expenses and medical insurance benefit for self and family, fees of clubs, personal accident and life insurance benefits and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors.<br><br>Company's contribution to Provident Fund and Pension Fund not exceeding 27% of salary or such percentage limit as may be prescribed by Income Tax legislation. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and leave including encashment of leave at the end of the tenure, as per Company's policy.<br><br>The overall amount of perquisites shall not exceed an amount equal to the annual salary.<br><br>Provision for use of Company's cars and telephones at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites. In computing the monetary ceiling on perquisites, Company's contribution to |

| | |
|---|---|
| | Provident Fund, Pension Fund and Gratuity shall not be taken into account.<br>Perquisites shall be evaluated as per Income-tax Rules, wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual costs. |
| Minimum Remuneration | In the absence of or inadequacy of profits in any of the financial years of the Company during the tenure he shall be entitled to such remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under Schedule XIII of the Companies Act, 1956 from time to time. |
| General | In addition, the contract of appointment shall set out the usual rights and obligations of the parties. |
| Termination | The appointment is terminable by either party by giving three months prior notice to the other. |

The Board considers the aforesaid appointments on the terms set out above to be in the interest of the Company and therefore recommends that these resolutions be adopted by the Members.

Except Mr G Chatterjee, Mr P K Kataky and Mr A K Mukherjee no other Director is concerned with or interested in the aforesaid resolutions.

Registered Office:
Exide House
59E Chowringhee Road
Kolkata 700 020
Date: 28th April, 2010

By Order of the Board

S Coomer
Company Secretary and
Vice President - Legal & Administration

**Information pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking appointment/ reappointment at the forthcoming Annual General Meeting. (Refer Item Nos. 3 to 5, 7 and 8 of the Notice)**

| Name of the Director | Brief resume and nature of expertise in functional area | No of equity shares held in the Company | Other Directorships / Other Committee memberships held* |
|---|---|---|---|
| Mr R G Kapadia | Mr Kapadia is a practising Chartered Accountant and Senior Partner at G M Kapadia & Company, Chartered Accountants. Mr. Kapadia served as the President of the Indian Merchants Chamber for 2005-2006 and is considered an expert on taxation and accountancy and has several years of experience in the profession. | Nil | **Directorships:**<br>1. Asianet Satellite Communications Ltd.<br>2. EIH Associated Hotels Limited<br>3. FIL Trustee Company Pvt. Ltd.<br>4. Goldiam International Ltd.<br>5. Goldiam Jewellery Ltd.<br>6. ING VYSYA Life Insurance Co. Ltd.<br>7. Nilkamal Ltd.<br>8. Prism Cement Ltd.<br>9. Raheja QBE General Insurance Co. Ltd.<br>10. Surin Investments Pvt. Ltd.<br>Committee Memberships<br>Chairman of Audit Committee:<br>1. Goldiam International Ltd.<br>2. Prism Cement Ltd.<br>3. Raheja QBE General Insurance Co. Ltd.<br>4. ING VYSYA Life Insurance Ltd.<br>Member of the Audit Committee<br>1. Asianet Satellite Communications Ltd.<br>2. EIH Associated Hotels Ltd.<br>3. FIL Trustee Company Pvt. Ltd.<br>Member of Shareholders'/Investors' Grievance Committee<br>1. Prism Cement Ltd. |
| Mr S B Raheja | Mr Raheja holds a Bachelor's degree in Business Administration and has over 25 years of experience in business management. | Nil | **Directorships:**<br>1. Prism Cement Limited<br>2. Supreme Petrochem Limited<br>3. ING VYSYA Life Insurance Company Ltd.<br>Member of Shareholders/Investors' Grievance Committee<br>1. Supreme Petrochem Limited |
| Mr H M Kothari | Mr Kothari is a leading investment banker with over 40 years of experience in investment banking industry and was previously associated with DSP Merill Lynch Limited, since its incorporation in India, as its Chairman. He is presently the Chairman of DSP Black Rock Investment Managers Pvt. Ltd. | 214491 | **Directorships:**<br>1. Alkyl Amines Chemicals Ltd.<br>2. Kirloskar Engines India Ltd.<br>3. Food World Super Markets Ltd.<br>4. Health & Glow Retailing Ltd.<br>5. DSP Black Rock Investment Managers Pvt. Ltd.<br>6. Shuko Real Estate Pvt. Ltd. |

| Name of the Director | Brief resume and nature of expertise in functional area | No of equity shares held in the Company | Other Directorships / Other Committee memberships* held |
|---|---|---|---|
| | | | 7. Arko Dealers Pvt. Ltd.<br>8. Arko Enterprises Pvt. Ltd.<br>9. Bestow Contractors and Developers Pvt. Ltd.<br>10. DSP HMK Holdings Pvt. Ltd.<br>11. DSP Investment Pvt. Ltd.<br>12. DSP Adiko Holdings Pvt. Ltd.<br>13. Hemko Patents Developments Pvt. Ltd.<br>14. MVL Reality Pvt. Ltd.<br>Committee Memberships<br>Nil |
| Mr T V Ramanathan | Mr Ramanathan is a Chartered Accountant and a Company Secretary. His total experience of 41 years includes 15 years overseas of which nearly five years was with the World Bank. Before joining the Company in 1995, he was associated with the United Breweries group as Group Vice President-Finance and has a wealth of experience in dealing with Financial and Accounting matters in addition to corporate management. | 45839 | **Directorships**:<br>1. Chloride International Limited<br>2. Chloride Metals Limited<br>3. Leadage Alloys India Limited<br>Committee Memberships<br>Nil |
| Ms Mona N Desai | Ms Desai is a Graduate in Psychology and holds a Law Degree from the Govt. Law College, Mumbai. She is a Solicitor and legal practitioner. She is a Member of the Bombay Incorporated Law Society and also a Member of the Ethics Committee of Kokilaben D Ambani Hospital. | 78666 | **Directorships**:<br>Nil |

* Directorship in foreign Companies excluded. Committee Memberships include only Audit Committee and Shareholders' / Investors' Grievance Committee

Registered Office:
Exide House
59E Chowringhee Road
Kolkata 700 020

Date: 28 April, 2010

By Order of the Board

S Coomer
Company Secretary and
Vice President - Legal & Administration

# DIRECTORS' REPORT TO THE SHAREHOLDERS

**(including Management Discussion & Analysis)**

Your Board of Directors have pleasure in presenting the 63rd Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2010.

**Economic Environment**

The initial months of 2009-10 for the Indian economy were mired with uncertainty and confidence was running low. The financial crisis in the industrialized nations spread across to all sections of the World economy thereby leading to severe slowdown across countries. India, not being insulated from the World, also felt the tremors of the crisis, albeit on a lesser scale. The growth rate of GDP which was over 9% till 2007-08 plummeted to less than 6.7% in 2008-09 and hovered around 6% in the first quarter of 2009-10. Though there were small signs of recovery but the apprehension was that the sluggish rate of growth was here to stay for some time, thereby wiping out the gains and momentum achieved in the economic progress over the past few years. The Government and the Reserve Bank swung into action and a spate of fiscal and monetary packages were announced in stages. A calculated risk was taken to provide enough fiscal expansion to counter the negative fall out. Adding to the woes was the delayed and sub-normal monsoon. Apart from the domestic problems, recession in the economies of USA, U.K. and other industrialized nations meant a sluggish export market and stoppage of financial inflows into the Indian economy. However, thanks to the financial stimulus initiated by the Government and the Reserve Bank of India the country witnessed a strong economic recovery within a short period. This recovery was not only in terms of overall growth but, more importantly, it re-established faith in our banking system and proved that our fundamentals are in place, which leads to optimism in the Indian economy in the medium to long term. India was once again on the growth path!

The real turnaround came in the second quarter of 2009-10 by recording a growth of 7.9% which resulted in the growth rate of GDP to climb upto 7.2% during the year. The industrial and service sectors grew by 8.2% and 8.7% respectively which, given the global situation, was indeed a commendable performance by any standards.This growth rate was more significant since this was achieved inspite of a decline in agricultural output and more importantly the manufacturing sector, which had been witnessing continuous decline since mid-2008, grew more than double from 3.2% in 2008-09 to 8.9% in 2009-10. In December 2009, the Index of Industrial Production (IIP) reached an all time high of 16.8% year on year growth, which was the highest monthly growth recorded by the Index since 1982.

A heartening feature was that this recovery was broad based as seven out of the eight sectors / sub-sectors registered a growth rate between 6.5% to 10%. Within the industry and infrastructure sectors, automobiles, rubber and plastic goods, textiles, chemicals, power, telecom etc. recorded an impressive turnaround.

Foreign Institutional Investors who had withdrawn from the scene at the early stages of the economic downturn returned with a renewed vigour and in the month of March 2010 there was a net investment of over US $ 4 billion in equity and US $ 2 billion in debt instruments, according to data released by the Securities & Exchange Board of India. Foreign Exchange Reserves as of end March 2010 was US $ 280 billion and Foreign Investment was around US $ 20 billion. According to estimates, India would achieve a growth rate of 8.5% in the current year, be back to a growth rate of over 9% from 2011-12 and would be the fastest growing economy in the World within the next four years.

However, in spite of this euphoric growth, the rising fiscal deficit, mainly arising out of the fiscal packages announced by the Government to counter the slow-down, which presently stands at 6.8% of the GDP, and the abnormally high inflation for food items remain to be a source of concern. Though these inflationary pressures are expected to last for a short term the Government needs to take stringent measures to control the fiscal deficit in the medium term.

**Industry Structure and Development**

The domestic battery industry is passing through an exciting phase. Whilst on the one hand there was a set back due to sluggish growth in the telecom, infrastructure and export sectors during the early part of the year it was compensated by the more than expected growth in the Automobile sector.

The passenger car market in India is expected to grow by 12% annually over the next five years which in effect would translate to more than 100% growth for the domestic battery industry during this period. The unorganized sector, which accounts for two thirds of the Battery Industry, may not benefit from this growth due to strict pollution control and regulatory norms, especially with regard to recycling of toxic wastes such as Lead. The organised sector is, therefore, expected to reap the full benefits of such growth.

India is emerging as a small car hub in the Asia-Pacific region with most of the major global players setting

up their manufacturing bases in this country. The existing automobile manufacturers are expanding their capacity and also setting up greenfield projects. In addition, India is not only being looked at as a manufacturing base for export of passenger vehicles but also heavy vehicles including tractors. The growth of the Indian middle class, availability of trained manpower at competitive costs and stagnation in the US, European and Japanese markets is attracting the global majors to invest in capacities in India and China. This will not only increase the market base for the domestic battery industry several fold but would also lead to strict conformity to global quality standards and processes.

Infrastructure development is a key focus area for the Government and in the Union Budget 2010-11 an amount of Rs 1,73,555 crores has been allocated for this sector which is 46% of the total plan allocation. This huge spending on infrastructure by the Government coupled with plans for modernization of railways and setting up of nuclear power plants etc. would augur well for the battery industry.

**Performance**

Your Company is not only one of the leading manufacturers of Lead Acid Batteries in India and South Asia, but also is reckoned among the first five major companies in the global battery manufacturing industry. During the year under review, your Company recorded 12% growth in net sales with an increase of 86% in profit before tax. The increase in profitability was partly due to availability of Lead and alloys, which constitutes a major raw material for the products, from the two captive Lead Smelters acquired two years ago. Apart from the same, favourable foreign exchange rates, strict austerity measures and control on costs on all fronts contributed to the sharp rise in the profitability.

**Automotive Batteries**

Your Company has achieved a growth in sales of 13% in automotive batteries over the previous year. Inspite of increased competition, such growth was possible due to increased marketing efforts, aggressive forays in the replacement segment, securing larger volumes in the two wheeler segment and introduction of new technology products.

Nearly all the vehicle manufacturers have chosen your Company as their major supplier. Your Company is supplying batteries for Tata Motors small car Nano and in view of certain innovative features a design registration for this type of battery has been filed in India.

Your Directors are pleased to inform that your Company was a preferred supplier for most of the new vehicles launched by the vehicle manufacturers during the year under review. These included Chevrolet Beat, Honda Zazz & Accor V6, Toyota Fortuner, Maruti Suzuki Ritz & EECO, Fiat Grand Punto, Premier RIO, Tata Sumo Grande and Caterpillar Dumpers. Your Company has also been selected as a supplier for several new vehicles proposed to be launched by the vehicle manufacturers during the current year. All these batteries were developed in house and underwent rigorous tests both in India as well as in laboratories overseas before being selected for supplies.

Your Directors are also pleased to inform that your Company has won the prestigious ZERO PPM award from Toyota Japan signifying zero defect supplies and the Best Kaizen Award from Toyota Kirloskar. These awards and the continued support by most of the vehicle manufacturers recognizes the trust reposed by the automobile industry on the quality and reliability of the products manufactured by your Company.

Your Company has launched the Deep Cycling E-bike batteries for electric bicycles and scooters and is also in the process of developing batteries for Stop Start Micro Hybrid vehicles. Further, the possibilities of development and marketing of Lithium-ion batteries for the emerging electric vehicle segments is also under active consideration.

Your Company had recently re-organised its marketing and distribution set up by setting up Hubs and Spokes which are monitored by the Regional Controlling Centres. Presently through this model the Company is present in 206 locations and it is proposed to increase the presence in 250 cities and towns by the third quarter of the current year. This has enabled your Company not only to reach customers in B class and C class cities, but also to provide better after-sales and warranty services to the customers. The CRM initiative *exidereachout.com* is running successfully and has helped in building up a substantial number of loyal customers. "Project Kissan", another initiative by the Company to service the rural markets has also gained great popularity and resulted in conversion of large number of customers from the unorganised sector. Your Company continued with its *Humsafar* module under which batteries are sold by the dealers through various motor garages thus making the products reach the consumers at their doorstep. As reported earlier, arrangements with Indian Oil Corporation, Hindustan Petroleum and Toyota Kirloskar for distribution of your Company's products through their retail outlets have been entered into which also would go a long way to have a presence across the country, including highways and small locations.

Due to the unprecedented growth in the Automotive Sector, mainly in the small car and two wheeler segments, your Company was at times not able to

cater to the market demands inspite of running the plants nearly full capacity. Your Company is, therefore, expanding its manufacturing capacities at all plants and a new manufacturing facility is being set up at Ahmednagar, Maharashtra to cater to the growing demand.

**Industrial Batteries**

Sales of Industrial batteries for 2009-10 registered a growth of around 10%, both in terms of value as well as volume. This has been possible inspite of severe competition and low cost imports in the domestic market. Fluctuations in lead prices have also been effectively countered through imposition of Price Variation Clauses.

As a result of economic downturn, overall Infrastructure business has shown degrowth of 10%, mostly contributed by a Telecom degrowth of 35%.However, a handsome growth could be achieved in other Infrastructure segments. In Railways, a 17% growth was maintained. Power segment recorded a growth of 36% with a very healthy order booking for future months. Projects sales were higher than last year by 27% and Traction also recorded a growth of 36%.

In the Fast Moving Industrial Battery segment, sales for 2009-10 recorded a growth of around 21% in terms of value and 18% in terms of volume. While there had been a degrowth of 7% in UPS manufacturing segment, trade growth during the period was 28%.

Measures have been initiated for upgrading quality and performance of VRLA batteries. Further, your Company has developed Expanded VRLA and Long Life VRLA batteries which have been recently launched in the market.

Substantial manufacturing efficiencies have been achieved through productivity improvements negotiated with permanent workmen in Hosur, Shamnagar and Haldia.

**Submarine Batteries**

Your Company continues to be the sole supplier for Submarine batteries to the Indian Navy. As informed earlier, your Company remains an accredited supplier to the Admiralty Shipyard, Russia.

**Exports**

Due to the depressed international market conditions, exports of both the automotive as well as industrial batteries registered a degrowth during the year. Details of activities relating to exports is given in Part III of the Information as per Section 217 (1)(e) of the Companies Act, 1956, which is annexed to this Report.

**Technology Upgradation**

Your Company is constantly working towards upgrading its existing technology and acquiring new technology to meet the increasing requirements of the consumers. In its quest for upgrading its technology, processes and quality your Company has several Technical Collaboration/Assistance Agreements with leading international battery manufacturing companies.

Your Company has ongoing Agreements with Furukawa Battery Company Limited, Japan for Lead Acid Storage batteries including Hybrid batteries and Maintenance Free batteries for four wheelers and VRLA batteries for two wheelers and with Changxing Noble Power Sourcing Company Limited, China for manufacture of Deep Cycling E-bike batteries for electric bicycles and scooters.

During the year, your Company entered into a new Agreement with Furukawa Battery Company Limited, Japan for Idling Stop System (ISS) automotive batteries. The Agreements with Shin-Kobe Electric Machinery Company, Limited, Japan (a part of Hitachi Group) for automotive applications and VRLA batteries for stationery applications expired during the year and your Company entered into a new Agreement with the said company for all varieties of Lead Acid batteries and components used for starting, lighting and ignition of automobiles and also for VRLA batteries for industrial applications with effect from 1st April, 2010 for a period of five years.

Apart from the above, your Company engages foreign experts from time to time for advising on improvements in its manufacturing processes and development of hi-tech products. Your Company also sends its engineers regularly for training and knowledge sharing both at its foreign collaborators' facilities as well as to international seminars and conferences. The in-house R&D Division also is engaged in creation of innovative products through improvements in manufacturing processes and materials.

**QIP Issue**

Your Company issued 5,00,00,000 equity shares of Re. 1/- each to Qualified Institutional Buyers, viz. FIIs, FIs, Mutual Funds etc. on Qualified Institutions Placement basis in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The shares were allotted on 12th March, 2010 at a price of Rs 107.90 (including a premium of Rs 106.90) per equity share. The proceeds of this Issue are proposed to be utilized for capital expenditure, acquisitions, long term working capital, repayment of debts, investments by way of equity and / or debt in companies including subsidiaries, joint ventures and associated companies and general corporate purposes. Consequent to the above Issue, the paid-up share capital of your Company stands increased to Rs 85,00,00,000.

## Financial Results

| | (In Rs. Crores) | |
|---|---|---|
| | 2009-2010 | 2008-2009 |
| Profit before depreciation & taxation | 891.24 | 503.33 |
| Depreciation / Amortisation | 80.65 | 67.94 |
| Profit before tax | 810.59 | 435.39 |
| Taxation | 273.50 | 151.00 |
| Profit after tax | 537.09 | 284.39 |
| Balance brought forward | 324.59 | 281.30 |
| Making a total of | 861.68 | 565.69 |
| Out of this appropritions are: | | |
| General Reserves | 250.00 | 185.00 |
| Leaving a balance of | 611.68 | 380.69 |
| Interim Dividend 60% (Previous Year 40%) | 48.00 | 32.00 |
| Tax on Interim Dividend | 8.16 | 5.44 |
| Proposed Final Dividend 40% (Previous Year 20%) | 34.00 | 16.00 |
| Tax on Final Dividend | 5.08 | 2.66 |
| [Aggregate Dividend amounts to 100% (Previous year 60%)] | | |
| And leaving a balance of (which is carried forward to next year) | 516.44 | 324.59 |

### Consolidated Financial Statements

In accordance with Accounting Standard 21 - Consolidated Financial Statements form part of the Report & Accounts. These Accounts have been prepared on the basis of audited financial statements received from the subsidiaries and associate companies as approved by its respective Board of Directors.

### Dividend

Your Company paid an interim dividend on 5th November 2009, at the rate of 60% on the equity shares to the shareholders whose names appeared on the Register of Members on 28th October, 2009. Your Directors are now pleased to recommend a final dividend at the rate of 40% on the equity shares of the Company for the year ended 31st March, 2010, subject to your approval at the ensuing Annual General Meeting. Consequently, the total dividend for the year ended 31st March, 2010, including the interim dividend paid during the year, amounts to 100% (Re.1/- per equity share of Re.1/- each).

### Corporate Governance

Transparency is the cornerstone of your Company's philosophy and all requirements of Corporate Governance are adhered to both in letter and spirit. The Audit Committee of the Board meets at regular intervals as required in terms of Clause 49 of the Listing Agreement. Your Board of Directors have taken all necessary steps to ensure compliance with all statutory and listing requirements. The Directors and key management personnel of your Company have complied with the Code of Conduct which was put in place by the Board of Directors. Apart from being in compliance with all requirements of Clause 49 of the Listing Agreement your Company has voluntarily adopted certain governance principles. Setting up of the Remuneration Committee of Directors and introduction of a Model Code for Insider Trading are some of the initiatives taken by your Company towards this end.

The Report on Corporate Governance as required under the Listing Agreement forms part of and is annexed to this Report. The Auditors' Certificate on compliance with Corporate Governance requirements is also attached to this Report. Further, as required under Clause 49 (V) of the Listing Agreement a certificate from the CEO and CFO is being annexed with this Report.

### Business / Operational Excellence

In keeping with its vision to provide credible value addition to our stakeholders and being recognized as a responsible corporate citizen your Company has implemented an exhaustive Total Quality Management System (TQM) throughout the organization. The TQM system involves the latest techniques of Total Productive Maintenance (TPM), 6 Sigma and Lean Manufacturing - leading towards business excellence.

Products manufactured at your Company's state-of-the-art manufacturing facilities symbolise quality and customer satisfaction. Quality is designed into products through use of techniques like - Advanced Product Quality Planning (APQP), Failure Mode & Effect Analysis (FMEA) , Statistical Process Control (SPC) and Measurement System Analysis (MSA). Process capability monitoring ensures that products are well within specification with minimal rework and scrap.

TQM is a strategic initiative and your Company has progressed considerably in its journey towards Business Excellence. For its Quality Management System (QMS), the Industrial SBU part of Haldia, Hosur and Shamnagar factories have been certified for ISO-9001. For the Automotive SBU - Bawal, Chinchwad, Haldia, Hosur, Shamnagar and Taloja factories have been certified for ISO/ TS-16949. The Submarine SBU is certified for ISO-9001. These certifications, by the renowned TUV-NORD, headquartered in Germany, although issued in the names of the different factories, however include all business processes of R&D, Manufacturing, Marketing, Sales, After Sales Support and Corporate functions.

In line with its core value of striving for Excellence, your Company is implementing the European Foundation for Quality Management (EFQM) Business Excellence Model. Your Company has won the CII-EXIM Bank Award for " Strong Commitment to Excel" in 2006 and 2007. In 2008 your Company bettered its performance and has been amongst eight

companies in India to get the coveted "Significant Achievement Award."

Apart from these, in the last few years , your Company has won several awards and accolades in Quality, Safety-Health-Environment, 5-S, Energy Conservation, Productivity and Quality Circles. In 2009 the Hosur plant won the prestigious Asia Manufacturing Excellence Award-Gold Category in Auto Ancilliary from Frost & Sullivan as well as the ABK-AOTS 5-S Award 1st Prize in Large Manufacturing category . For the same year the Shamnagar plant has won the TQM Role Model Quality Award from CII (ER). As a proof of customer satisfaction, your Company has also won awards and recognitions from Toyota, Tata Motors and Bajaj Auto.

To improve efficiency and utilization of machines your Company has implemented Total Productive Maintenance (TPM) in the factories, following the methodology given by the Japanese Institute of Plant Maintenance (JIPM). For its efforts in TPM, the JIPM has conferred the "Award for TPM Excellence - 2008" to your Haldia plant . Other factories are also gearing up to the challenge to win this award in the near future.

**Environment & Safety**

For the Environmental Management System (EMS) the Chinchwad, Haldia, Hosur, Shamnagar and Taloja factories are certified to ISO 14001. Your Company is committed to preserve the environment and prevent pollution by going much beyond statutory compliance and ISO 14001 certification. Your Company has implemented several environmental projects and receiving the Teri Corporate Environment Award in 2007 and Best Innovation Award in Leadership and Excellence in Environment-Health-Safety from CII (SR) in 2008 has further encouraged your Company to continuously improve its environmental performance, minimize waste and preserve natural resources.

The concern for Occupational Health and Safety issues has prompted your Company to implement OHSAS 18001 standard in its factories. The Hosur plant has already been certified and the other factories are expected to receive the certification in due course.

Energy conservation continues to be an area of focus for your Company not only as a part of its social obligations but also since this is a major cost in the manufacturing process. Your Company has taken several initiatives at each plant level in order to conserve energy. Necessary information relating to steps taken for conservation of energy is given in the annexure to this report.

**Corporate Social Responsibility**

Your Company believes that apart from ethical conduct of business, as a responsible corporate citizen it has various societal obligations. Fulfillment of such obligations is part of the Companies long term vision through engagement of all stake holders and the society at large. Towards this end, your Company has identified five core areas of Health Care, Education, Women Empowerment, Environment and Philanthropic activities.

Your Company continues to partner UNICEF in their Child Environment Programme in India that aims to create a greener and healthier world and to ensure equitable and sustainable access to basic health and hygiene facilities, particularly for the unreached and marginalized rural communities. This initiative has been linked to raising consumer consciousness and creating awareness for return of used batteries which contain lead and thereby inducing the vehicle owners to participate in the cause. In Kolkata, your Company has partnered with CINI ASHA for providing education and development of societal skills amongst slum and street children.

As reported earlier a village near Hosur Plant has been adopted for converting it to a 'Model Village' and extensive work has been undertaken for infrastructure and community development for the same. The new school building in the village has recently been inaugurated. Apart from the same, support was extended for educational needs for students in rural areas, health camps organized for migrant labourers and sewing machines provided to village women.

In Haldia Sewing and Zari machines were distributed through the Cooperative System and vocational training was organized for the rural women folk. Your other plants also continued with their CSR activities which included organizing health camps, distribution of free medicines and conducting pathological tests, development of community gardens, providing drinking water facilities and participation in various health awareness camps including the pulse polio programme. Tree planting activities and other initiatives for creating awareness about the preservation of the environment were also organized.

**Internal Controls**

Your Company has proper and adequate system of internal controls. The Internal Audit team conducts both Systems and Financial Audit which are carried out in two phases at each Factory, Branch, Regional and Corporate offices. The audit findings are reviewed by the Audit Committee of Directors and corrective action, as deemed necessary, is taken. The Company also has laid down procedures and authority levels with suitable checks and balances encompassing the entire operations of the Company.

Your Company has identified various business risks and has laid down the procedure for mitigation of the same. The Risk Management & Mitigation Systems are reviewed by the Audit Committee of Directors from time to time.

**Outlook**

With the growth momentum picking up and the all round sense of buoyancy the future outlook, as far as the battery industry is concerned, looks promising. Both auto and auto ancillary Industries are expected to register double digit growth year on year basis for the next five years. Added to this, the huge expenditure proposed in the infrastructure sector, both by public and private enterprises, augur well for your Company's business. The high growth envisaged in telecom and power including setting up of nuclear power plants should lead to increased opportunities. It is imperative to usher in a second Green Revolution which would necessitate increase in mechanized farming and rural electrification projects which in turn would lead to increased demand of your Company's products. Due to rise in the disposable income of all sections of the population there would be a shift towards procurement of quality and technological superior products as compared to cheaper substitutes.

In the international market, though signs of recovery are evident, but the growth is expected to be sluggish. This may, in the medium term, lead to depressed markets for export of your Company's products, mainly for industrial batteries.

**Opportunities and Threats**

Your Company's strength lies in its technologically superior and high quality products coupled with a wide distribution and after sales network. The wide range of storage batteries ranging from 2.5 Ah to 15000 Ah capacity covers a broad spectrum of applications thereby giving your Company a definite edge in the automotive, infrastructure, power, telecom, information technology and agricultural sectors. Your Company's foray into new areas such as Electric and Hybrid batteries for cars and two wheelers and in development of environmental friendly storage power alternatives would not only result in building up its strength for the present but also lead to being recognized as a major player in the new generation storage power solutions industry.

Your Company continuously seeks to modernize and upgrade its manufacturing facilities and processes as part of its philosophy. Further the in-house R&D Department has not only been consistently developing quality products for existing as well as new applications, but also has been successful in reducing costs which ultimately benefits the end consumers. The strong support received by the foreign technical collaborators, not only in sharing their technology but also by continuously assisting in manufacturing and other processes, also helps your Company to manufacture technologically superior products with sustainable quality.

Several battery manufacturers are present in the Indian market and quite a few big companies have recently diversified into this industry which will lead to increased competition. Whilst on the one hand this leads to betterment of quality and service, on the other, it may also result in unreasonable reduction in prices thereby creating pressure on margins.

**Risks & Concerns**

Volatility in the prices of Lead, which is the major constituent of your Company's products, continued to remain a constant area of concern. During the last two years, the prices of Lead had peaked to US$ 2800 per MT, crashed to US $ 963 per MT and is presently around US $ 2100 per MT. These volatile prices not only have a major impact on the manufacturing costs but also creates uncertainty for procurement and availability. The impact of this risk is however sought to be mitigated through constant monitoring and prudent business practices. Further, through regular supplies from the subsidiary lead smelting and refining companies, the dependence on imported Lead is being gradually reduced to a considerable extent.

Imports from China mainly for industrial batteries, especially after the economic slow down in the West, has been a source of concern. Unfortunately, the present Anti-Dumping laws do not provide adequate protection against such imports. Your Company has been able to counter this threat to a considerable extent through technology upgradation, maintaining its quality and efficient after sales service.

**Subsidiary Companies**

Your Company has four Indian subsidiaries viz. Chloride Metals Limited, Caldyne Automatics Limited, Leadage Alloys India Limited and Chloride International Limited, and three foreign subsidiaries, viz. Chloride Batteries S.E. Asia Pte. Ltd., Singapore, Espex Batteries Limited, UK and Associated Battery Manufacturers (Ceylon) Limited, Sri Lanka.

Chloride Metals Limited which is a 100% subsidiary of your Company is engaged in lead smelting and refining operations and has its plant at Markal, Pune. The said Company achieved a turnover of Rs 264 crores representing a growth of 52% over the previous year and a profit before tax of Rs 15 crores which is 106% higher than the previous year.

Caldyne Automatics Limited is a 100% subsidiary of your Company having its factory at Sector V, Salt Lake City, Kolkata and is engaged in manufacture and sale of Chargers, DC Power Systems and associated

equipment. During the year 2009-10, the said company achieved a turnover of Rs 37 crores and a profit before tax of Rs. 1.54 crores representing an increase of 18% and 304% respectively over the previous year.

Leadage Alloys India Limited, a 51% subsidiary of your Company, has its plant at Kolar District, Karnataka and is engaged in lead smelting and refining activities. During the year 2009-10 the said company has achieved a turnover of Rs 546 crores representing an increase of over 23% over the previous year and profit before tax of Rs 54 crores representing a growth of 621% over the previous year.

Chloride International Limited a 100% subsidiary of your Company, is engaged in the marketing and sale of Non-conventional Energy Systems like Solar Home Lighting and Heating System Panels, and Home UPS/ Inverters etc. The sales of the said company during 2009-10 amounted to Rs 12 crores which was 224% higher than that of the previous year. The Profit Before Tax also increased from Rs 0.01 crores to Rs 0.37 crores.

Your Company holds 100% of the share capital in Chloride Batteries S E Asia Pte. Ltd., Singapore. The said company is engaged in manufacture and sale of lead acid batteries and caters to the South East Asian and Australian markets. During the year 2009-10 the company achieved a turnover of SGD 36.916 million (Rs. 122.67 crores) and Profit before Tax of SGD 1.422 million (Rs. 4.73 crores).

Espex Batteries Limited, UK, in which your Company holds 51% of the share capital, is engaged in marketing and selling of lead acid batteries for industrial applications. During the year 2009-10 the company achieved a turnover of GBP 40,01,095 (Rs 30.21 crores) and made a Profit Before Tax of GBP 47,915 (Rs. 0.36 crores).

Your Company also holds 61.5% in Associated Battery Manufacturers (Ceylon) Limited, Sri Lanka. The said company is engaged in the business of manufacturing and marketing of Lead Acid batteries. During the year 2009-10 the said company achieved a turnover of SLR 1560 million (Rs. 63.96 crores) which was higher by 9% over the previous year and Profit before tax of SLR 151.1 million (Rs. 6.20 crores) representing a growth of 81% over the previous year.

During the year your Company divested its 26% shareholding in Ceil Motive Power Pty.Ltd., Australia (as Associate Company). This investment was made in July 2007 with a view to expand the Company's export market in Australia through an existing local company having manufacturing and marketing facilities. However, as a result of the economic downturn and cheap imports from China and Taiwan flooding the market, this Company was incurring heavy losses. Instead of investing additional amounts involving foreign exchange outflow, your Company decided to sell its shares to the other shareholders of the Joint Venture Company, after a valuation of shares by a Chartered Accountant. Your Company had provided in full for a possible diminution in the value of the investment in the Accounts for the year ended 31st March, 2009. Hence, there has been no charge to the profit and loss account in the current year and instead a small income as consideration for the divestment was earned.

The dividends received from and proposed by the Subsidiaries during 2009-10 aggregates to Rs 4.98 crores as compared to Rs 1.33 crores in the previous year.

The statement of the Holding Company's interest in Subsidiaries as specified in sub section (3) of section 212 of the Companies Act, 1956 along the Accounts, Directors' Reports' and Auditors' Report of the subsidiaries are attached to the Report and Accounts of your Company.

**Human Resources**

Nurturing and development of Human Capital is of key importance and the HR policies and procedures of your Company are geared towards this objective. The processes for attracting, retaining and rewarding talent are well laid down and the systems are transparent to identify and reward performers. Several initiatives are taken both at the corporate level as also in the shop floor to inculcate team work and camaraderie. Skill Gap Analysis is carried out on regular basis and necessary training interventions are made based on the results. Succession Planning and Talent Management continues to receive priority.

Labour Agreements were signed in all factories except Taloja which is due only in the current year 2010-11. Discussions are now in progress with the Union at Taloja factory regarding the Long Term (4 year) Agreement. The industrial unrest at Bawal Factory which affected production has since been resolved amicably.

As on the date of this Report your Company has 4208 employees.

**Directors**

Dr S K Mittal, Director - R&D will be retiring from the services of the Company with effect from 30th April, 2010. Dr Mittal has worked in the Company for 36 years and was in overall charge of the Research, Development and Quality Control of the Company. Your Board places on record its sincere appreciation for the services rendered by Dr Mittal during his long association with the Company.

Mr A H Parpia, who was a Director of your Company since 1993, resigned from the Board of Directors with effect from 28th April, 2010 for health reasons. Your Board records its deep appreciation for the services rendered by Mr Parpia as a Director of the Company.

At its meeting held on 28th April, 2010, your Board appointed Ms Mona N Desai as an Additional Director to hold Office till the ensuing Annual General Meeting of the Company. A notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing the appointment of Ms Mona N Desai as a Director at the ensuing Annual General Meeting.

The term of appointment of Mr T V Ramanathan as Managing Director & Chief Executive Officer expires on 30th April, 2010. Your Board has, subject to your approval, reappointed Mr T V Ramanathan, as Managing Director & Chief Executive Officer for a further period of two years with effect from 1st May, 2010. A resolution to this effect is being placed for your approval at the ensuing Annual General Meeting to be held on 14th July, 2010.

Mr. R G Kapadia, Mr. S B Raheja and Mr. H M Kothari, Directors retire by rotation and being eligible offer themselves for re-appointment.

None of the Directors of your Company are disqualified for being appointed as Directors, as specified in Section 274(1)(g) of the Companies Act, 1956.

**Auditors**

The Auditors, M/s S R Batliboi & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 224(1B) of the Companies Act, 1956, offer themselves for re-appointment.

**Information pursuant to Section 217 of the Companies Act, 1956**

**a. Conservation of Energy and Technology Absorption**

Information pursuant to Clause (e) of Sub-Section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended 31st March, 2009, are attached hereto.

**b. Particulars of Employees**

In accordance with the provisions of Section 217 of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding such annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

**c. Responsibility Statement**

Statement under the amended Section 217 (2AA) of the Companies Act, 1956, on the responsibility of the Directors is a part of the Report.

**Directors' Responsibility Statement**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state:

(i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

(iii) That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) That the Directors have prepared the annual accounts on a going concern basis.

**Forward-Looking Statements**

This Report contains forward-looking statements that involve risks and uncertainities. When used in this Report, the words "anticipate", "believe", "estimate", "expect", "intend", "will" and other similar expressions as they relate to the Company and/or its businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

**Acknowledgement**

Your Directors would like to record its appreciation for the co-operation and support received from its employees, shareholders, Government agencies and all stakeholders.

On behalf of the
Board of Directors

Place : Mumbai
Date: 28th April, 2010

R G Kapadia
Chairman

# ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

**I. Conservation of Energy**

The Company accords great importance to conservation of energy. The main focus of the Company during the year was :

a. Close monitoring of consumption of electricity, LPG, Diesel and water.
b. Close monitoring of electricity consumption based on 'KWH/MT of Lead Consumed'.
c. Optimisation of electricity, LPG, diesel and water by reducing process cycle time, process modification and also by equipment modification/replacement/retrofitting.
d. Usage of renewable energy, viz. Solar.
e. Achieving power factor standards nearing unity. All of the Company's plants targeted unity.

**Chinchwad Plant**

1. Use of Non Conventional Energy (Wind Power) of 612757 KWH.
2. Power Factor Maintained at 0.97.
3. Optimum use of Energy by Switching off Machines, Lights, Fans, Air Conditioners and Exhaust Systems whenever not required.
4. 100% use of Recycled water for Gardening and Shop Floor Washing.
5. Reduction in Compressed Air Consumption by arresting Air Leakages.
6. Creating awareness among Workmen to conserve energy.
7. Installed 9 nos. variable frequency drives for exhaust fans for dust collectors and scrubbers.

**Bawal Plant**

1. VFD installation in seven Grid Casting Machines resulting in savings of 8813 KWH per annum and cost savings of Rs 0.57 lacs per annum.
2. VFD installation in Grid casting/pasting fume extraction system resulting in savings of 58752 KWH per annum and cost savings of Rs 3.82 lacs per annum.
3. Energy efficient T – 5 (216, 120 & 28 watts) lighting system provided in place of HPSV (400, 210 & 40 watts) in Motorcycle Assembly plant and SLI Plant resulting savings of 38585 KWH per annum and cost savings of Rs 2.51 lacs per annum.
4. Optimisation of cooling air requirement in AHU 2 & 3 by damper as per the requirement in summer and winter resulting in savings of 23731 KWH per annum and cost savings of Rs 1.54 lacs per annum.
5. Optimisation of cooling air requirement in AHU 4 & 11 by damper as per requirement in summer and winter resulting in savings of 24270 KWH per annum and cost savings of Rs 1.53 lacs per annum.
6. Optimisation of cooling air requirement in overall plant by modifying the AHU's in the plant resulting in savings of 118404 KWH per annum and cost savings of Rs 7.70 lacs per annum.
7. Energy savings by providing Timers, switching off all MCA AHU's during lunch break and tea break resulting in savings of 56654 KWH per annum and cost savings of Rs 3.68 lacs per annum.
8. Reduction of air pressure requirement by providing the close loop system in the air distribution line in MCA resulting in savings of 269156 KWH per annum and Rs 17.50 lacs per annum.
9. 5 hp ETP equalisation tank pump being replaced by 2HP maintenance free seal less pump after the energy measurement resulting in savings of 1400 KWH per annum and Rs 0.09 lacs per annum.
10. Optimisation of JF Cooling water requirement by providing the required capacity cooling tower and pump resulting in savings of 84343 KWH per annum and cost savings of Rs 5.48 lacs per annum.

**Hosur Plant**

1. Improved Power Quality and Power factor from 0.980 to 0.990 resulting in saving of 8.3 Lac Units / Rs.48 Lacs per annum.
2. Optimum Utilization of Chillers 3No's of 13Tr to 1No of 24Tr. resulting in savings of 1.25 Lac Units –Rs.7.4 Lacs per annum.
3. Optimization of Process pumps 12No's of 7.5HP to 12No's of 3HP resulting in savings of 1.22 Lac Units / Rs.5.75 Lacs per annum.
4. Conversion of Tube light fitting (2*40W to 2*28W) resulting in savings of 0.45 Lac Units / Rs.2.15 Lacs per annum.
5. Optimization of Genset Cooling towers 3No's of 150Tr to 2No's of 150Tr. resulting in savings of 0.39 Lac Units / Rs.2.04 Lacs per annum.

6. Day light Improved by using Ultraviolet transparent sheet (Green Energy) resulting in savings of– 0.48 Lac Units / Rs.2.27 Lacs per annum.
7. Conversion of Electric fired Ovens to LPG fired Ovens – Savings of 2.05 Lac units / Rs.11.84 Lacs per annum.
8. Conversion of 4No's Individual Pot to Common pot - Savings of 1.90 Lac Units / Rs.11 Lac per annum.
9. Optimization of Compressed air resulting in Savings of 1.03 Lac units / Rs.6.06 Lac per annum.
10. Optimization of Lead lump cutting resulting in Savings of 0.97 Lac Units / Rs.5.60 Lac per annum.

**Taloja Plant**

1. Optimum utilisation of motors in the Various Departments / Machines:
   Saving of 41400 KWH per annum (Approximately Rs. 2.2 Lac)
2. Use of Z conveyor in the Casting Section to eliminate bottom Electrical Heating Pot:
   Saving of 103200 KWH per annum (Approximately Rs. 5.4 Lac)
3. Achieved Power Factor Unity consistently throughout the year:
   Saving Rs 16.4 Lac
4. Replacement of CFL 65 W in Place of HPMV Lamps 250 W: Saving of 15980 KWH per annum (Approximately Rs. 0.90 Lac)
5. Installation of Energy less Roof Ventilators 10 Nos.:
   Saving of Rs. 2 Lac
6. Use of natural light by using transparent sheets for roof and sides:
   Saving of Rs. 3 Lac
7. Optimization of compressed air:
   Saving of Rs. 2 Lac

**Shamnagar Plant**

1. Installation of VFD in dust Extraction system resulting in savings of 2.70 KWH and cost savings of Rs. 12.00 lacs.
2. Installation of additional Capacitor bank resulting in savings of Rs. 17.50 lacs.
3. Installation of Screw compressors in place of reciprocating compressors resulting in savings of 3.60KWH and cost savings of Rs. 15.84 lacs.
4. Usage of Natural Draft resulting in savings of 1.90 KWH and cost savings of Rs.8.20 lacs.
5. Substantial reduction of Energy in day time resulting in savings of 0.43 KWH and cost savings of Rs 1.90 lakhs.

**Haldia Plant**

1. Maintained Power Factor at 0.98 by installation of additional 2 nos. x 670 KVAR capacity APFC panels with Capacitor banks and D- tuned harmonic filters. Annual Savings: Rs. 45 Lacs.
2. Maintained the Plant Load Factor to 75 % & above (average L.F. 76.5 %) by controlling MD. Annual Savings: Rs. 1.28 Crores.
3. Solar water heating system introduced at canteen for preparing hot water.
   Annual Savings: Rs.0.4 Lacs.
4. Installation of 1 no. 105 KVA Lighting energy saver panel for lighting at Automotive plant. Annual savings: Rs. 1.4 Lacs.
5. Installation of energy saver tube lights (28 W) instead of conventional tube lights (40W). Annual Savings: Rs. 0.35 Lacs.
6. Installation of air turbine ventilators at Traction plant for improving ventilation as well as working environment.
7. Reuse of treated sewerage water in gardening, road and floor washing.
8. Installation of electronic timers in Plate drying ovens (PDO) at Automotive plant which reduces the cycle time (previously, cycle time was 20 hrs. but now it has come down to 14 hrs.) as per requirement of Technical dept.
   Annual Savings: Rs. 1.35 Lacs.
9. Installation of translucent sheet in Automotive Despatch, Jar Formation areas to reduce lighting load at day time. Annual Savings: Rs.10 Lacs.
10. Use of solar light for street lighting near main gate.
11. Common mould cooling system for Spine casting M/cs in Industrial factory.
    Annual Savings: Rs. 30 Lacs.
12. Installation of Air Booster for oxide filling area to maintain constant air pressure of 6.0 bars. Savings: Rs. 1.3 Lacs.
13. Installation of water flow meter to monitor the consumption of water inside the factory.
14. Recycling or reuse of acid, already used in Forming, to reduce the consumption of acid in mixing process by 4- 5 M3 per day which in turn reduces effluent and generation of sludge. Annual savings: Rs. 20 Lacs.

15. Recycle & re-use of RO reject water in Alloy Blending, Automotive Jar Formation, Industrial Jar Formation areas etc. Annual savings: Rs. 5.0 Lacs.
16. Replacement of V-belt by Flat belt to reduce transmission loss in continuous operation area. Annual Savings: Rs. 1.5 Lacs.
17. Installation of VFD in 75 HP Air Compressors. Annual Savings: Rs.1.9 Lacs.

**II. Particulars as per Form B**

**A1. Research & Development (R&D)**

Specific areas in which R&D is carried out by the Company

Research & Development activities are aimed at advancement of designs & technology to provide a cutting edge, the development of new products to suit the emerging market requirements in different segments, viz. Automotive, Motor Cycle, Electric Bikes, Railways, Motive Power, UPS, Telecom and Submarine.

Several Advanced Technology Projects are in progress which include ISS batteries for Idling Stop-Start vehicles (micro-hybrid vehicles), Deep Cycling VRLA Batteries for Electric-Bikes & Scooter applications, VRLA motor cycle battery, new battery for Volkswagen's Polo car, Long Life VRLA batteries for UPS & Telecom applications, High Energy Density Lead Acid batteries for Electric Vehicles and a low cost MF range for the rural markets.

The R&D activities also include Production Tools for the new Products. In addition, there is a special focus on improving the Product consistency.

**A2. Benefits derived as a result of the above R&D**

R&D activities have helped the Company to provide Technology leadership in select areas. Significant achievements would include: Development of battery for Toyota's Fortuna MCV, new products for General Motors India, Value Engineered Product for Maruti Suzuki's ALTO. New Products introduced would also include Long Life batteries for Inverter and Solar applications, Exide Electrica for E-bikes and VRLA motor cycle for Hero-Honda and HMSIL.

**A3. Future Action Plan**

The major R&D focus will continue to be on the development of state-of-the-art ISS batteries for Idling Stop-Start vehicles (micro-hybrids), mild hybrid and electric vehicles. New Research Projects are being initiated to enhance the life of the E-bike batteries under the Indian conditions.

The on-going Research Projects will continue to focus on enhanced re-chargeability and deep cycling capability in the new range of batteries for a variety of applications, materials & processes and enhancement of battery's shelf life.

**A4. Expenditure on R & D**

The capital and revenue expenditure on R & D were Rs. 2.73 Crores and Rs. 8.82 Crores respectively, aggregating to Rs. 11.55 Crores.

Total R & D Expenditure as percentage of Net Turnover: 0.30%

**B1. Technology Absorption, Adaptation and Innovation**

a) Continuous improvement in the Product Design & Technology, new innovations and adaptations are taking place in the area of ISS batteries for micro-hybrid vehicles and batteries for industrial applications. In view of the emerging needs for the Advanced Lead-Acid batteries for a variety of applications, the focus on Technology Absorption & Innovation will continue.

b) New innovations to enhance the life of E-bike batteries under the Indian conditions as well as the improvement in Production & Process Technology with the assistance from Technical Collaborators.

**B2. Benefits**

R&D innovations and new products have helped the Company to meet the emerging market needs for Advanced Technology Products and maintain its Technological leadership in the country. Significant benefits have been derived by way of enhanced market penetration by meeting the specific requirements of International and Domestic Vehicle Manufacturers, Replacement Markets and certain Exports markets.

**B3. Particulars of Imported Technology in the last 5 years**

| Technology Imported | Year of Import | Has Technology been absorbed | If not fully absorbed, reasons and future action plan |
|---|---|---|---|
| Automotive and VRLA Lead Acid Storage Batteries with Shin-Kobe Electric Machinery Co Ltd., Japan. | Since 1994-95. Current arrangement is effective 1st April, 2010 and is valid upto 31st March, 2015. | Agreement is for Technical Assistance for continuous improvements in manufacturing technology of different products and is in progress. | Since the technology is continuously evolving, the Agreement will be ongoing. |
| Lead Acid Storage Batteries for Automotive applications with Furukawa Battery Co Ltd., Japan. | Since 1997-98. Current arrangement is effective 1st December,2005 and is valid upto 30th November, 2010. | Agreement is for Technical Assistance for continuous improvements in manufacturing technology of different products and is in progress. | Since the technology is continuously evolving, the Agreement will be ongoing. |
| VRLA Lead Acid Storage Batteries for Motorcycles with Furukawa Battery Co Ltd., Japan. | 9th March, 2007, valid upto 8th March, 2012. | Being absorbed. The Agreement also provides support for future product improvements. | Not Applicable. |
| Deep Cycling E-bike batteries for Electric Bicycles & Scooters with Changxing Noble Power Sourcing Co. Ltd., China. | 15th June, 2008, valid upto 14th June, 2010. | Being absorbed. The Agreement also provides support for future product improvements. | Not Applicable. |
| Automotive batteries for Idling Stop System with Furukawa Battery Co Ltd., Japan. | 1st February 2010, valid upto 31st January, 2015. | In Progress. | Still under development. |

**III. Foreign Exchange – Earnings and Outgo**

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

   Your Company continued with its initiatives for developing the export market for both Automotive and Industrial batteries. During the year, MF batteries with Ca-Ca Alloy was launched into markets of Armenia & Uzbekistan. Successful inroads were made in Finland and Norway in Europe and Mozambique and Tanzania in Africa for the first time. Exide brand automotive batteries were supplied to Mauritius.

   In the Industrial Battery segment, the Company received the prestigious approval from one of the Globally Leading OEM of Motive Power Segment and are continuing to supply Traction batteries to them. Also, successful in roads were made in France, Norway and Finland in Europe with Traction batteries. We have also entered into the solar markets of Australia, Dubai and Nigeria and have also supplied to the Telecom market of Nigeria for the first time.

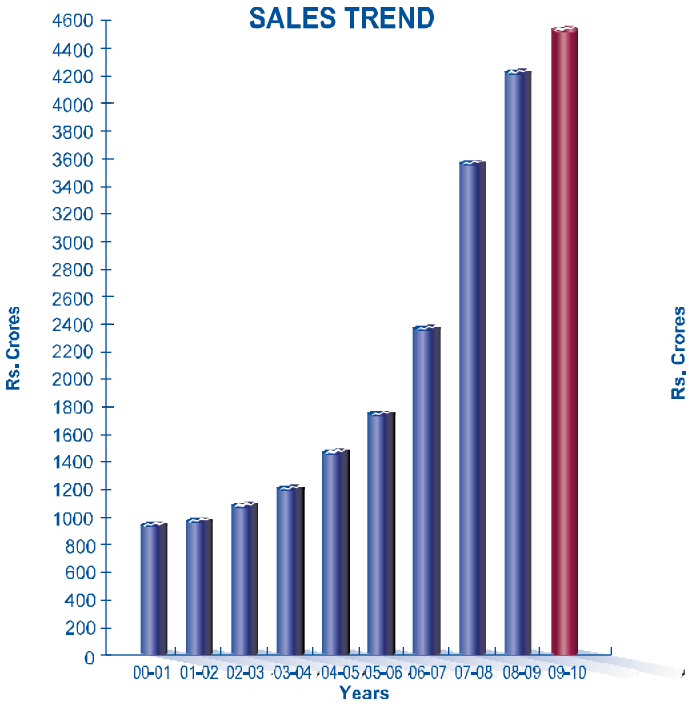
2. Total Foreign Exchange used and earned:
   Used : Rs. 565.02 crores
   Earned : Rs. 108.74 crores

On behalf of the
Board of Directors
R G Kapadia
Chairman

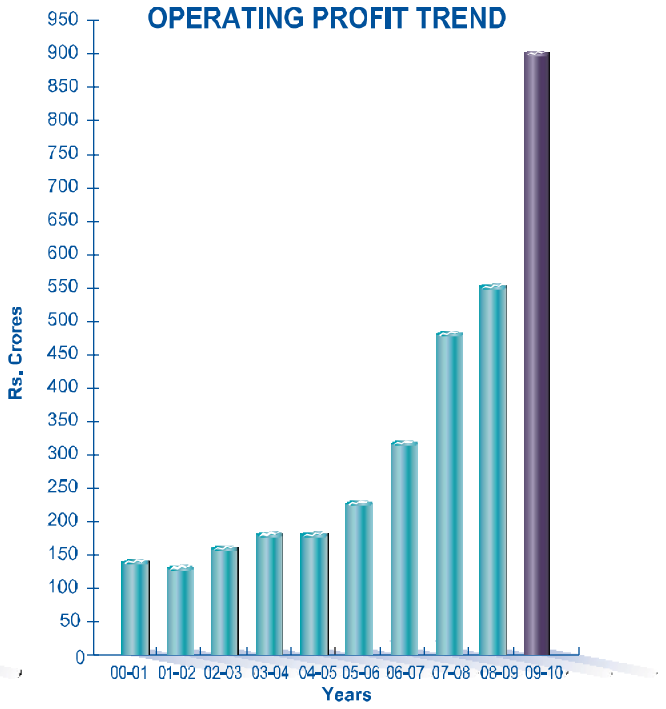
Place : Mumbai
Date : 28th April, 2010

# FINANCIAL TRENDS

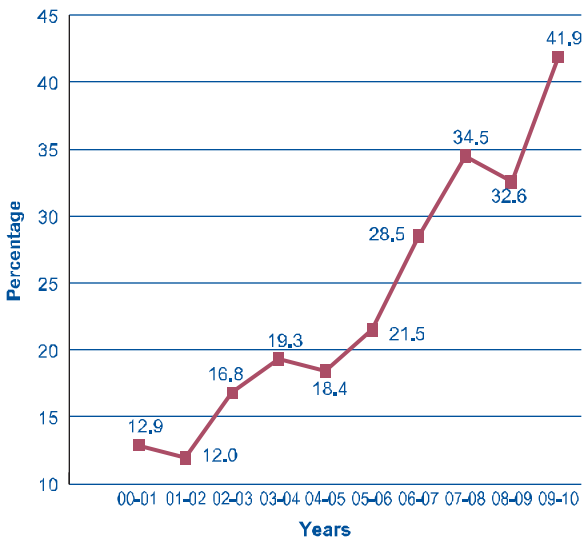
## SALES TREND



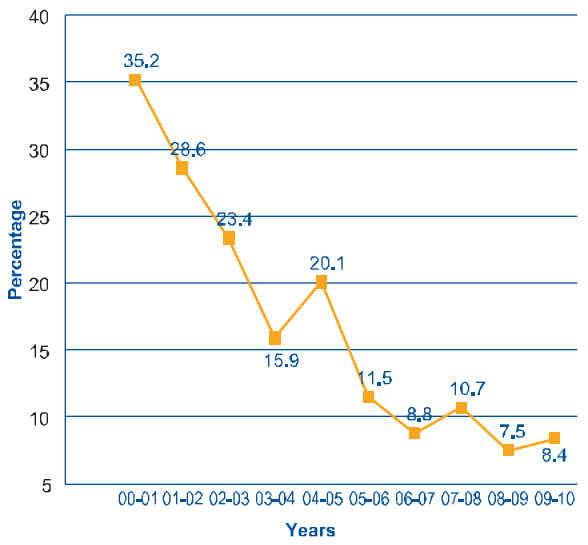

## OPERATING PROFIT TREND



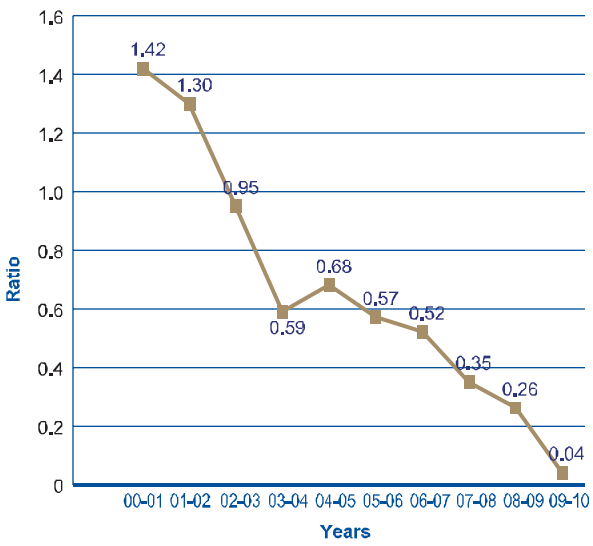

## RETURN ON CAPITAL EMPLOYED



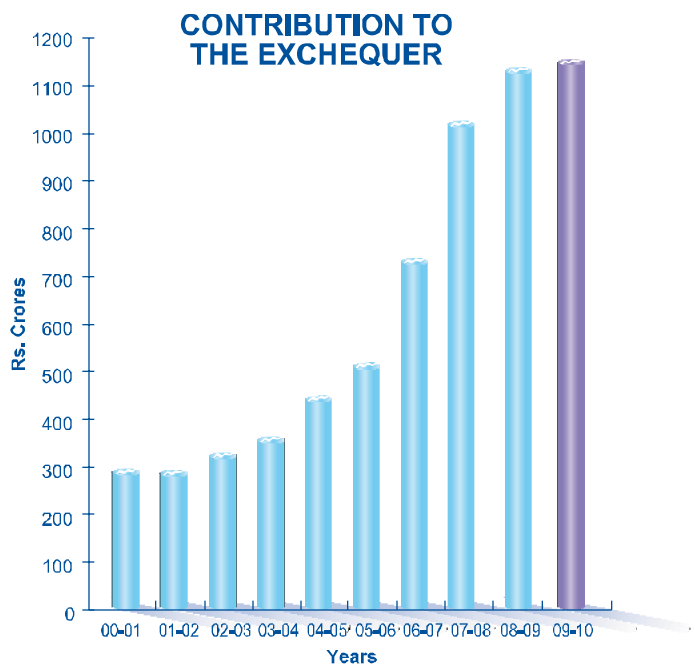

## WORKING CAPITAL TO NET SALES

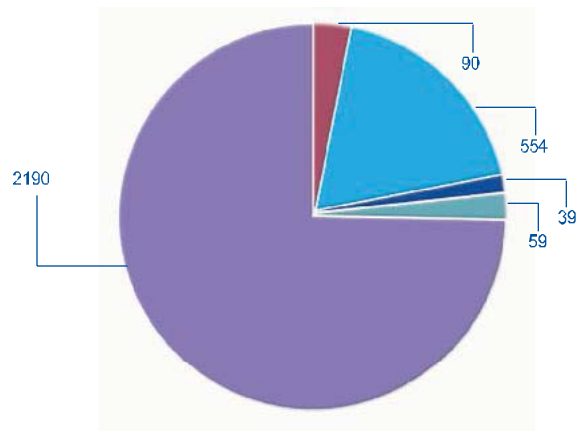


## DEBT-EQUITY RATIO




## CONTRIBUTION TO THE EXCHEQUER



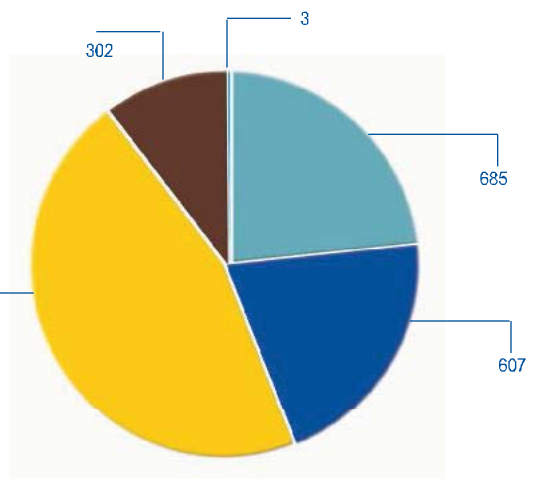



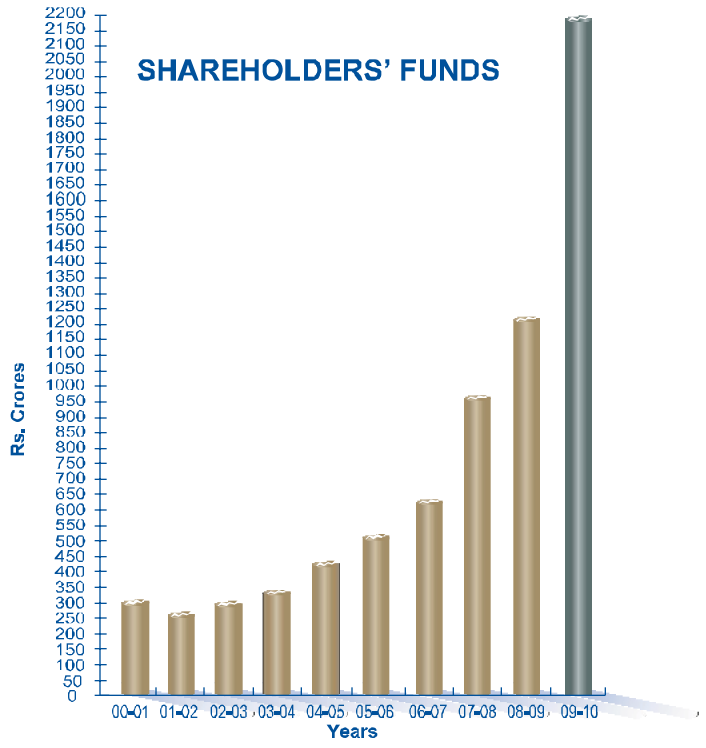

## SOURCES OF FUNDS

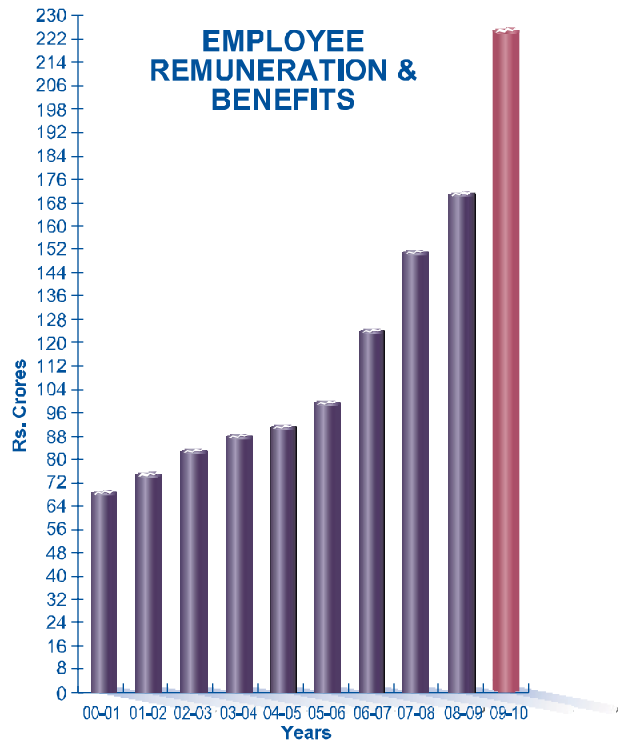
| | (Rs. Crores) |
|---|---|
| Money borrowed from Banks and Others | 90 |
| Payable for Goods supplied & services rendered | 554 |
| Proposed Dividend | 39 |
| Deferred Tax Liability | 59 |
| Shareholders' Funds | 2190 |
| | 2932 |

## APPLICATION OF FUNDS

| | (Rs. Crores) |
|---|---|
| Fixed Assets | 685 |
| Inventories | 607 |
| Investments | 1335 |
| Customers and Others | 302 |
| Cash & Bank Balances | 3 |
| | 2932 |






## THE DECADE IN RETROSPECT

(Rupees Crores)

| | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales (Gross) | 4542 | 4233 | 3606 | 2383 | 1761 | 1483 | 1220 | 1095 | 985 | 954 |
| Operating Profit | 902 | 551 | 476 | 317 | 229 | 182 | 182 | 162 | 132 | 141 |
| Gross Profit | 892 | 503 | 439 | 289 | 207 | 168 | 165 | 127 | 86 | 92 |
| Taxation | 274 | 151 | 124 | 80 | 51 | 37 | 37 | 29 | 11 | 7 |
| Net Profit | 537 | 284 | 250 | 155 | 101 | 77 | 73 | 52 | 31 | 42 |
| Cash Profit | 618 | 352 | 315 | 209 | 156 | 131 | 127 | 98 | 75 | 85 |
| Annualised Earning per Share (Rs.) | 6.69 | 3.55 | 3.30 | +2.07 # | 13.43 # | 10.30 # | 10.23 # | 14.70 | 8.79 | 11.06 |
| Dividend | 95 | 56 | 37 | 31 | 26 | 21 | 32 | 16 | 13 | 14 * |
| **Balance Sheet** | | | | | | | | | | |
| Net Fixed Assets** | 685 | 653 | 565 | 455 | 408 | 428 | 416 | 415 | 423 | 445 |
| Investments | 1335 | 668 | 518 | 378 | 279 | 112 | 20 | 19 | 19 | 20 |
| Current Assets | 912 | 742 | 877 | 572 | 440 | 458 | 366 | 349 | 353 | 372 |
| Total Assets | 2932 | 2063 | 1960 | 1405 | 1127 | 998 | 802 | 783 | 795 | 837 |
| Loans | 90 | 317 | 350 | 325 | 290 | 290 | 199 | 282 | 343 | 432 |
| Current Liabilities | 593 | 487 | 572 | 407 | 282 | 220 | 210 | 143 | 127 | 101 |
| Sub Total | 683 | 804 | 922 | 732 | 572 | 510 | 409 | 425 | 470 | 533 |
| Deferred Tax Liability | 59 | 41 | 48 | 45 | 51 | 59 | 58 | 62 | 62 | – |
| Net Worth** | 2190 | 1218 | 990 | 628 | 504 | 429 | 335 | 296 | 263 | 304 |
| Total Liabilities | 2932 | 2063 | 1960 | 1405 | 1127 | 998 | 802 | 783 | 795 | 837 |

* Excluding dividend on Preference Shares
** Net of Revaluation Reserve
# Post Bonus Issue
+ Post Sub-division of shares

# SUBSIDIARIES/ASSOCIATES

# EQUITY HISTORY

| YEAR | EQUITY SHARES | | PARTICULARS | CUMULATIVE SHARE CAPITAL (Rs. in Crores) |
|---|---|---|---|---|
| | NUMBER | FACE VALUE PER SHARE | | |
| 1960 | 11,80,000 | Rs 10 | Public Issue | 1.18 |
| 1965 | 2,36,000 | Rs 10 | Bonus Issue | 1.42 |
| 1967 | 3,54,000 | Rs 10 | Bonus Issue | 1.77 |
| 1968 | 3,54,000 | Rs 10 | Bonus Issue | 2.12 |
| 1974 | 18,88,000 | Rs 10 | Bonus Issue | 4.01 |
| 1977 | 15,04,500 | Rs 10 | Bonus Issue | 5.52 |
| 1978 | 9,38,100 | Rs 10 | Rights Issue | 6.46 |
| 1980 | 16,13,650 | Rs 10 | Bonus Issue | 8.07 |
| 1983 | 48,40,950 | Rs 10 | Bonus Issue | 12.91 |
| 1987 | 77,45,520 | Rs 10 | Bonus Issue | 20.66 |
| 1996 | 41,30,944 | Rs 10 | Rights Issue | 24.79 |
| 1997 | 40,48,152 | Rs 10 | Conversion of Equity Warrants | 28.83 |
| 1998 | 71,67,454 | Rs 10 | Rights Issue | 36.00 |
| 2001-02 | 3,23,209 | Rs 10 | Buy Back | 35.68 |
| 2002-03 | 67,723 | Rs. 10 | Buy Back | 35.61 |
| 2003-04 | 3,56,10,338 | Rs 10 | Bonus Issue | 71.22 |
| 2004-05 | 37,79,324 | Rs 10 | Preferential Issue | 75.00 |
| 2006-07 | 75,00,00,000 | Re 1 | Sub-division | 75.00 |
| 2007-08 | 5,00,00,000 | Re 1 | Rights Issue | 80.00 |
| 2009-10 | 5,00,00,000 | Re 1 | Qualified Institutions Placement Issue | 85.00 |

**Dividend:**
The Board has recommended a final dividend of Re 0.40 per share (40%) subject to approval of the shareholders at the ensuing Annual General Meeting. Together with interim dividend of Re 0.60 per share (60%) paid on 5th November, 2010 the total dividend for the year works out to Re 1.00 per share (100%) [previous year 60%].

# REPORT ON CORPORATE GOVERNANCE

## Governance Philosophy

Exide views Corporate Governance as a systemic process by which companies are directed and controlled to maximise their capacity to generate wealth. As large corporates use vast quantum of societal resources, Exide believes that the governance process should ensure that these companies are managed in a manner that meets both stakeholders' aspirations and societal expectations.

Exide's Corporate Governance initiative is based on two core principles:

i. Management must have the executive freedom to drive the organization forward without undue restraints; and

ii. This freedom of management, however, should be exercised within a framework of effective accountability and transparency.

Exide believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are used with care and responsibility and not misused.

Exide's governance philosophy embraces the tenets of trusteeship, transparency, empowerment and accountability, control and ethical corporate citizenship. Exide believes that the practice of each of these tenets would lead to the creation of the right corporate culture in which the Company is managed in a manner that fulfils the purpose of Corporate Governance.

Trusteeship recognises that large corporations have both an economic and a social purpose, thereby casting the responsibility on the Board of Directors to protect and enhance shareholder value, as well as fulfil obligations to other stakeholders.

Transparency requires that the Company makes appropriate disclosures where necessary and explains the basis of its policies and actions to all those who are affected by them.

Empowerment is a process used to unleash creativity and innovation throughout the organisation by decentralising and delegating the decision making powers at the most appropriate levels.

Control ensures that freedom of management is exercised within a framework of checks and balances and is designed to prevent misuse of power, facilitate timely response to change and ensure effective management of risks.

Exide's Corporate Governance processes continuously reinforce and help actualise the Company's belief in ethical corporate citizenship and is manifest through exemplary standards of ethical behaviour, both within the organisation as well as in external relationships.

## THE GOVERNANCE STRUCTURE

The practice of Corporate Governance in Exide is at three interlinked levels:

| | | |
|---|---|---|
| i. | Strategic supervision | - by the Board of Directors |
| ii. | Strategic management | - by the Executive Committee |
| iii. | Executive management | - by the Divisional Head of the business |

This three-tier structure ensures that strategic supervision on behalf of the shareholders being free from the task of strategic management, can be conducted by the Board with objectivity thereby sharpening accountability of the management. Further, strategic management being free from the task of day-to-day executive management, remains focussed and energised. The structure also ensures that executive management of the divisions, being free from the collective strategic responsibilities for Exide as a whole, is focused on enhancing the quality, efficiency and effectiveness of each business.

The core roles of the key entities flow from the structure. The core roles, in turn, determine the core responsibilities of each entity. In order to discharge such responsibilities, each entity is empowered formally with requisite powers.

The structure, processes and practice of governance enables focus on the Corporate purpose while simultaneously facilitating effective management of the diverse businesses within the portfolio.

## BOARD OF DIRECTORS

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustees of stakeholders.

## Composition

The Board of Directors of the Company consists of five Executive Directors and nine Non-Executive Directors including a Non-Executive Chairman. One Non- Executive Director resigned on the date of this Report and the Board appointed another Non-Executive Director on the same day. There is also one Alternate Director who is a Non-Executive Director. The Non-Executive Directors are eminent professionals with experience in business, finance, law and corporate management.

| Name of Director | Category of Directors | No of other Directorships held (*) | Committee Memberships held in other companies (**) | |
|---|---|---|---|---|
| | | | as Member | as Chairman |
| Mr R G Kapadia | Independent Non-Executive Chairman | 8 | 3 | 4 |
| Mr R B Raheja | Non-Executive Vice Chairman | 7 | 4 | Nil |
| Mr T V Ramanathan | Executive Director | 3 | Nil | Nil |
| Mr G Chatterjee | Executive Director | 3 | Nil | Nil |
| Dr S K Mittal | Executive Director | 1 | Nil | Nil |
| Mr P K Kataky | Executive Director | 3 | Nil | Nil |
| Mr A K Mukherjee | Executive Director | 2 | Nil | Nil |
| Mr H M Kothari | Independent Non-Executive Director | 4 | Nil | Nil |
| Mr Bhaskar Mitter | Independent Non-Executive Director | 3 | 4 | 1 |
| Mr S N Mookherjee | Independent Non-Executive Director | Nil | Nil | Nil |
| Mr Vijay Aggarwal | Independent Non-Executive Director | 5 | 2 | 1 |
| Mr S B Raheja | Non-Executive Director | 3 | 1 | Nil |
| Mr A H Parpia # | Independent Non-Executive Director | 4 | Nil | Nil |
| Ms Mona N Desai ✡ | Independent Non-Executive Director | Nil | Nil | Nil |
| Mr D S Parekh (Alternate to Mr S B Raheja) | Independent Non-Executive Director | 13 | 2 | 5 |
| Mr W Wong | Non-Executive Director | Nil | Nil | Nil |

* Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Companies u/s 25 of the Companies Act, 1956 and memberships of Managing Committees of various Chambers/bodies and Alternate Directorships.

** Committees include only Audit Committee and Shareholders' Grievances Committee.

\# Mr A H Parpia has resigned from the Board with effect from 28th April, 2010.

✡ Ms Mona N Desai was appointed as an Additional Director on 28th April, 2010.

Mr R B Raheja and Mr S B Raheja are related to each other.

## Appointment/Re-appointment of Directors

Ms Mona N Desai has been appointed as an Additional Director of the Company on 28th April, 2010. A Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing the appointment of Ms Mona N Desai as a Director at the ensuing Annual General Meeting.

The following Directors retire by rotation in accordance with the provisions of the Companies Act, 1956 and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting :

i) Mr R G Kapadia
ii) Mr S B Raheja
iii) Mr H M Kothari

Mr T V Ramanathan has been reappointed as Managing Director & CEO for a period of two years with effect from 1st May 2010, subject to the approval of the Members in General Meeting.

A brief Resume of the above named Directors along with the particulars of Directorships held by them has been appended to the Notice for the Annual General Meeting which is being circulated to the members alongwith this Report.

Mr H M Kothari, Ms Mona N Desai and Mr T V Ramanathan hold 214491, 78666 and 45839 equity shares respectively in the Company. Mr R G Kapadia and Mr S B Raheja do not hold any equity shares in the Company.

## Meetings and Attendance

During the financial year ended 31 March, 2010, five Board meetings were held on 27 April, 2009, 16 July, 2009, 12 October, 2009, 18 November, 2009 and 11 January, 2010 respectively. The previous Annual General Meeting was held on 17th July, 2009.

Directors attendance at Board Meetings and at Annual General Meeting (AGM):

| Name of Director | No of Board Meetings Attended | Attendance at last AGM |
|---|---|---|
| Mr R G Kapadia | 3 | Yes |
| Mr R B Raheja | 2 | – |
| Mr T V Ramanathan | 5 | Yes |
| Mr G Chatterjee | 5 | Yes |
| Dr S K Mittal | 5 | Yes |
| Mr P K Kataky | 5 | Yes |
| Mr A K Mukherjee | 5 | Yes |
| Mr H M Kothari | 1 | – |
| Mr Bhaskar Mitter | 3 | – |
| Mr S N Mookherjee | Nil | – |
| Mr S B Raheja | Nil | – |
| Mr Vijay Aggarwal | 3 | Yes |
| Mr A H Parpia | 2 | – |
| Mr D S Parekh (Alternate to Mr S B Raheja) | 2 | – |
| Mr W Wong | Nil | – |

## Code of Conduct for Directors & senior management

The Board had approved of the Code of Conduct as applicable to the Directors and the members of the Senior Management on 21st October, 2005. All Directors and members of the Senior Management have adhered to the Code of Conduct of the Company during the

year and have signed declarations of compliance with the same. The Annual Report of the Company contains a declaration to this effect from the Managing Director & CEO. The Code of Conduct has also been posted on the website of the Company.

## COMMITTEES OF THE BOARD

### A. AUDIT COMMITTEE

The Audit Committee of the Company, inter alia, provides assurance to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company. It also provides guidance and liaise with the Internal Auditors as well as the Statutory Auditors of the Company.

The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement read in conjunction with Section 292A of the Companies Act, 1956.

**Composition**

The Audit Committee presently comprises of four independent Non-Executive Directors who are well versed in corporate finance and related areas. The Managing Director & CEO, Director - Finance & CFO and Chief- Internal Auditor are permanent invitees to the audit committee meetings. Mr S Coomer, Company Secretary and Vice President - Legal & Administration is the Secretary of the Committee.

Mr R G Kapadia, Chairman of the Committee, is an independent Non-Executive Director and a Chartered Accountant acknowledged as a financial expert in his own right. The names of the other members of the Audit Committee are provided elsewhere in the Report and Accounts.

**Attendance**

During the financial year ended 31 March, 2010, four meetings of the Audit Committee were held on 27 April, 2009, 16 July, 2009, 12 October, 2009 and 11 January, 2010 respectively.

| Name of Director | Number of meetings attended |
|---|---|
| Mr R G Kapadia | 4 |
| Mr Bhaskar Mitter | 1 |
| Mr Vijay Aggarwal | 4 |
| Mr S N Mookherjee | Nil |

The representatives of the Statutory Auditors attended two out of four Audit Committee Meetings held during the year.

### B. REMUNERATION COMMITTEE

The Remuneration Committee of Directors recommends to the Board the compensation terms of Executive Directors and Executive Committee members. Mr Bhaskar Mitter, Chairman of the Committee is an Independent Non-Executive Director. The names of the other members of the Committee are provided elsewhere in the Report and Accounts. Meeting of this Committee are held as and when required.

**Remuneration of Non-Executive Directors**

The Non-Executive Directors do not receive any remuneration from the Company, apart from the sitting fees.

**Remuneration of Executive Directors**

All the Executive Directors of the Company have been appointed on a contractual basis based on the approval of the shareholders for periods ranging from 3 to 4 years. The details of remuneration paid to executive directors for the year ended 31st March, 2010 are given herein below :

| Name of Director | Salary & Performance Bonus (Rs. in crores) | Contributions to retiral funds (Rs. in crores) | Perquisites & Other benefits (Rs. in crores) | Commission (Rs. in crores) | Total (Rs. in crores) |
|---|---|---|---|---|---|
| Mr T V Ramanathan | 0.94 | 0.23 | 0.13 | 0.47 | 1.77 |
| Mr G Chatterjee | 0.72 | 0.17 | 0.16 | 0.36 | 1.41 |
| Dr S K Mittal | 0.64 | 0.16 | 0.09 | 0.32 | 1.21 |
| Mr P K Kataky | 0.72 | 0.18 | 0.13 | 0.36 | 1.39 |
| Mr A K Mukherjee | 0.29 | 0.07 | 0.07 | 0.14 | 0.57 |

Shareholding of Non Executive Directors

| Name of Director | No. of shares held as on 31st March, 2010 |
|---|---|
| Mr A H Parpia | 2,22,933 |
| Mr Bhaskar Mitter | 30,000 |
| Mr D S Parekh | 22,805 |
| Mr H M Kothari | 2,14,491 |

### C. SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

The Shareholders' Grievance Redressal Committee comprises of three Directors. Mr Bhaskar Mitter, a Non Executive Independent Director is the Chairman of the Shareholders' Grievance Redressal Committee. The names of the other members of the Committee are provided elsewhere in this Report and Accounts. The Committee looks into redressal of investor complaints relating to transfer of shares, non-receipt of

dividend, non-receipt of annual reports, etc. Mr S Coomer, Company Secretary and Vice President - Legal & Administration acts as the Secretary to the Committee and assigned with the responsibility of overseeing investor grievance.

**Attendance**

During the financial year 2009-2010, a meeting of the Shareholders' Grievance Redressal Committee was held on 14 September, 2009.

| Name of Director | Number of meetings attended |
|---|---|
| Mr Bhaskar Mitter | Nil |
| Mr T V Ramanathan | 1 |
| Mr G Chatterjee | 1 |

Details of complaints at the beginning of the year, received and resolved during the year and pending share transfers as on 31st March, 2010:

| | |
|---|---|
| Number of complaints at the beginning of the year | 1 |
| Number of complaints received | 28 |
| Number of complaints redressed | 29 |
| Number of complaints not resolved | Nil |
| Number of pending share transfers | 7 |

## D. SHARE TRANSFER COMMITTEE

The Share Transfer Committee, as reconstituted on 12 October, 2009, presently comprises of four Executive Directors. Previously, the Committee comprised of three Executive Directors and three Non-Executive Directors. The Committee approves the transfer/transmission of shares, sub-division or consolidation of shares and issue of new/duplicate share certificates, etc. The names of the members of the Share Transfer Committee are provided elsewhere in the Report and Accounts.

**Attendance**

During the financial year ended 31 March, 2010, fifteen meetings of the Share Transfer Committee were held on 1 April, 2009, 16 April, 2009, 4 May, 2009, 19 May, 2009, 26 June, 2009, 15 July, 2009, 14 August, 2009, 14 September, 2009, 13 October, 2009, 26 October, 2009 13 November, 2009, 14 December, 2009, 11 January, 2010, 11 February, 2010 and 8 March, 2010, respectively:

| Name of Director | Number of meetings attended |
|---|---|
| Mr R G Kapadia* | Nil |
| Mr T V Ramanathan | 15 |
| Mr G Chatterjee | 11 |
| Mr P K Kataky** | 3 |
| Mr A K Mukherjee | 15 |
| Mr Bhaskar Mitter* | Nil |
| Mr S N Mookherjee* | Nil |

* Member upto 12 October, 2009
** Member since 12 October, 2009

## E. BANKING OPERATIONS COMMITTEE

The Banking Operations Committee has been constituted to approve opening and closing of bank accounts, change in bank signatories and other routine banking operations. The Committee comprises of four Executive Directors. The name of the members of the Banking Operations Committee are provided elsewhere in the Report and Accounts.

**Attendance**

During the financial year ended 31 March, 2010, three meetings of the Committee were held on 15 June, 2009, 26 October, 2009 and 22 January, 2010 respectively:

| Name of Director | Number of meetings attended |
|---|---|
| Mr T V Ramanathan | 3 |
| Mr G Chatterjee | 2 |
| Mr P K Kataky | 2 |
| Mr A K Mukherjee | 3 |

## F. EXECUTIVE COMMITTEE

The Executive Committee comprises of the Executive Directors and Key Management Personnel and the Committee focuses on the strategic management issues of the Company, subject to the overall supervision of the Board of Directors.

During the financial year ended 31 March, 2010 eight meetings of the Executive Committee were held on 6 May, 2009, 17 June, 2009, 15 July, 2009, 14 August, 2009, 9 September, 2009, 4 November, 2009, 5 December, 2009 and 26 March, 2010 respectively.

| Name of Director | Number of meetings attended |
|---|---|
| Mr T V Ramanathan | 8 |
| Mr G Chatterjee | 7 |
| Dr S K Mittal | 8 |
| Mr P K Kataky | 8 |
| Mr A K Mukherjee | 8 |
| Mr S Coomer | 8 |
| Mr Nadeem Kazim | 8 |

## GENERAL BODY MEETINGS

Particulars of last three Annual General Meetings:

| AGM | Year Ended | Venue | Date | Time |
|---|---|---|---|---|
| 60th | 31.03.2007 | Kalamandir 48 Shakespeare Sarani Kolkata - 700 017 | 20.07.2007 | 10.30 AM |
| 61st | 31.03.2008 | Do | 25.07.2008 | 10.30 AM |
| 62nd | 31.03.2009 | Do | 17.07.2009 | 10.30 AM |

## SPECIAL RESOLUTION

The details of the special resolutions passed by the Company at the last three Annual General Meetings (AGM) are given herein below:

| Date of AGM | Subject matter of the resolution | Triggering Section of the Companies Act, 1956 |
|---|---|---|
| 20 July 2007 | Reappointment of Messrs S R Batliboi & Co., Statutory Auditors | Section 224A |
| 25 July 2008 | Reappointment of Messrs S R Batliboi & Co.,Statutory Auditors | Section 224A |
| 17 July 2009 | None | Not Applicable |

## POSTAL BALLOT

Approval for Issue of Securities through Qualified Institutions Placement was sought from the Shareholders of the Company by Special Resolution pursuant to Section 81(1A) of the Companies Act, 1956 by Postal Ballot in terms of Section 192A(2) of the Act read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

The Results of the Postal Ballot was announced by the Managing Director of the Company on 2nd January, 2010.

The Voting pattern is as under

| Number of Postal Ballot Forms | |
|---|---|
| Received | 1526 |
| Valid | 1421 |
| Invalid | 105 |

| | No. of Ballot Papers | No. of Votes | Percentage (%) |
|---|---|---|---|
| Votes cast in favour | 1348 | 447306757 | 99.96 |
| Votes cast against | 73 | 192628 | 0.04 |
| Total Votes | 1421 | 447499385 | 100 |

Mr S M Gupta, FCS, of Messrs S M Gupta & Company, Company Secretaries was appointed Scrutinizer for conducting the Postal Ballot.

## DISCLOSURES

**a. Disclosures on materially significant related party transactions**

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related parties which is in conflict with the interests of the Company.

**b. Details of non-compliance by the Company, penalties imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.**

There was no such instance of non-compliance during the last three years.

**c. All Mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of the Report.**

## MEANS OF COMMUNICATION

A. Quarterly results and Audited Financial Results are generally published in following Newspapers:
   The Economic Times
   The Telegraph
   Ananda Bazar Patrika (Bengali)
   The Hindu Business Line

B. The Company's website at *www.exideindustries.com* is regularly updated with the financial results.

C. Whether MD & A is a part of Annual Report : Yes

D. EDIFAR Filing as required by SEBI : Information has been regularly filed from time to time till the financial results for the quarter ended 31st December, 2009. Thereafter, the system for EDIFAR filing has been abolished by SEBI.

## GENERAL SHAREHOLDER INFORMATION

1. The 63rd Annual General Meeting is proposed to be held on Wednesday, the 14th day of July, 2010 at 10.30 a.m. at 'Kala Mandir', 48, Shakespeare Sarani, Kolkata – 700 017.
2. Financial Year : 1st April to 31st March.
3. The Company has furnished information, as required by Clause 49(IV)(G) of the Listing Agreement of the Stock Exchanges, relating to re-appointment of retiring directors and proposed appointment of a new Director. Shareholders may kindly refer to the Notice convening the 63rd Annual General Meeting of the Company. The name of other companies in which the retiring directors holds directorship and the membership of Committees of the Board in other Companies are also given in the annexure to the Notice convening the 63rd Annual General Meeting.

**1. Tentative Financial Calendar for 2010-11**

| | |
|---|---|
| First Quarterly Results | July, 2010 |
| Second Quarterly/Half Yearly Results | October, 2010 |
| Third Quarterly Results | January, 2011 |
| Annual Results for the year ending on 31st March, 2011 | April, 2011 |
| Annual General Meeting for the year ending on 31st March, 2011 | July, 2011 |

**2. Dates of Book Closure**

The Share Transfer Books and Register of

Members of the Company will remain closed from 6th July, 2010 to 14th July, 2010 (both days inclusive).

**3. Dividend Payment Date**

During the financial year 2009-10, the Company paid an interim dividend @ Re 0.60 per equity share, to its shareholders.

The Final Dividend @ Re 0.40 per equity share as recommended by the Board at its meeting held on 28th April, 2010 for the year ended 31st March, 2010, if approved by the shareholders at the ensuing Annual General Meeting to be held on Wednesday, 14th July, 2010, will be paid within 30 days from the date of the Annual General Meeting.

**4. Listing of Equity Shares on Stock Exchanges and Stock Code/ Symbol**

The Equity Shares of the Company are presently listed on the following Stock Exchanges:

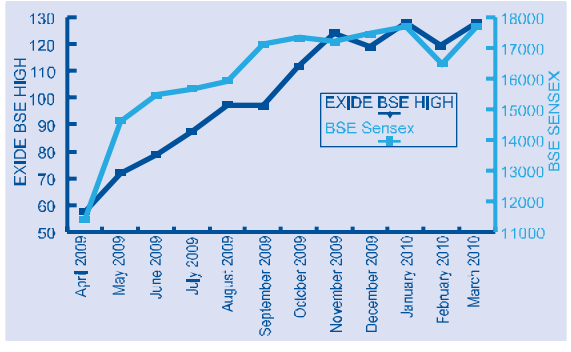
| Name of the Stock Exchange | Stock Code | Symbol |
|---|---|---|
| The Calcutta Stock Exchange Limited | 15060 & 10015060 | – |
| Bombay Stock Exchange Limited | 500086 | – |
| National Stock Exchange of India Limited | – | EXIDEIND |

**5. Stock Market price data for the year on BSE, NSE & CSE**

| Month | BSE (#) | | NSE (#) | | CSE* | |
|---|---|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April 2009 | 57.45 | 40.85 | 57.25 | 40.30 | * | * |
| May 2009 | 72.00 | 48.80 | 72.40 | 49.05 | * | * |
| June 2009 | 79.30 | 62.80 | 78.75 | 63.00 | * | * |
| July 2009 | 87.45 | 63.50 | 87.45 | 63.55 | * | * |
| August 2009 | 97.20 | 78.90 | 97.45 | 78.55 | * | * |
| September 2009 | 97.00 | 86.40 | 97.00 | 86.25 | * | * |
| October 2009 | ´11.60 | 88.25 | ´11.60 | 88.25 | * | * |
| November 2009 | ´24.25 | 97.05 | ´24.60 | 96.50 | * | * |
| December 2009 | ´19.90 | ´08.55 | ´19.80 | ´08.65 | * | * |
| January 2010 | ´28.10 | ´01.80 | ´28.15 | ´01.60 | * | * |
| February 2010 | ´19.50 | ´04.60 | ´19.00 | ´04.20 | * | * |
| March 2010 | ´28.00 | ´07.95 | ´25.50 | ´07.40 | * | * |

(#) Source BSE and NSE web-site
* No trading on the exchange

**6. Share Price in Relation to BSE Sensex**




**7. Share Transfer Agent**

The Company has engaged the services of C B Management Services (P) Ltd, P-22 Bondel Road, Kolkata – 700 019, a SEBI registered body as its Registrar and Share Transfer Agent for processing transfers, sub-division, consolidation, etc. Since trading in Company's shares can now be done only in the dematerialized form request for demat and remat should be sent directly to the Registrar. The Company has made arrangements for dematerialisation of its shares currently held in physical form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**8. Share Transfer System**

As already stated, the Company's shares are traded on the Stock Exchanges, compulsorily in demat mode. Therefore, shareholders are requested to kindly note that physical documents, viz. Demat Request Forms (DRF) and Share Certificates, etc. should be sent by their Depository Participants (DP's) directly to the Share Transfer Agents. Any delay on the part of the DP's to send the DRF and the Share Certificates beyond 15 days from the date of generation of the DRN by the DP will be rejected /cancelled. This is being done to ensure that no demat requests remain pending with the Share Transfer Agent beyond a period of 30 days. Shareholders should, therefore, ensure that their DP's do not delay in sending the DRF and Share Certificates to the Share Transfer Agent after generating the DRN.

**9. Nomination Facility**

The Companies (Amendment) Act, 1999 has introduced through Section 109A, the facility of nomination to share/debenture/deposit holders. This facility is mainly useful for all holders holding the shares/debentures/ deposits in single name. In cases where the securities/deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail of this facility, especially those holding securities in single name, to avoid the process of transmission by law.

Investors holding shares in physical form may obtain nomination form from the Registrar and Share Transfer Agent of the Company. However, if the shares are held in dematerialized form, the nomination has to be intimated to your depository participants directly, as per the format prescribed by them.

## 10. Share Transfer Record

| Month | No. of transfers | No. of shares processed |
|---|---|---|
| April 2009 | 7 | 24210 |
| May 2009 | 7 | 13902 |
| June 2009 | 6 | 4588 |
| July 2009 | 3 | 184 |
| August 2009 | 9 | 11313 |
| September 2009 | 12 | 7510 |
| October 2009 | 10 | 4403 |
| November 2009 | 4 | 4861 |
| December 2009 | 25 | 34723 |
| January 2010 | 12 | 20754 |
| February 2010 | 27 | 35133 |
| March 2010 | 14 | 7238 |

## 11. Distribution of Shareholding as on 31.03.2010

| Range | | No. of shares of face value of Re 1/- each | % of total shares | Total no. of holders | % of total holders |
|---|---|---|---|---|---|
| From | To | | | | |
| 1 | 5000 | 31438204 | 3.70 | 56680 | 92.66 |
| 5001 | 10000 | 16574269 | 1.95 | 2349 | 3.84 |
| 10001 | 20000 | 15203138 | 1.79 | 1103 | 1.80 |
| 20001 | 30000 | 8605730 | 1.01 | 355 | 0.58 |
| 30001 | 40000 | 5731691 | 0.67 | 166 | 0.27 |
| 40001 | 50000 | 3978236 | 0.47 | 89 | 0.15 |
| 50001 | 100000 | 12175053 | 1.43 | 172 | 0.28 |
| 100001 | & above | 756293679 | 88.98 | 257 | 0.42 |
| | TOTAL | 850000000 | 100.00 | 61171 | 100.00 |

## 12. Shareholding Pattern of the Company as on 31.03.2010

| Category | No. of Shares | % of total issued share |
|---|---|---|
| Promoter Holding | 390954666 | 45.99 |
| Foreign Institutional Investors | 111027330 | 13.06 |
| Non Resident Individual | 4047051 | 0.48 |
| Mutual Funds | 58294276 | 6.86 |
| Financial Institutions, Insurance Companies & Banks | 96,48,7160 | 11.35 |
| Public | 98511365 | 11.59 |
| Bodies Corporate | 89822925 | 10.57 |
| Directors & their relatives | 855227 | 0.10 |
| TOTAL | 850000000 | 100.00 |

## 13. Dematerialisation of Shares

As on 31 March, 2010, 51.2% of the Company's total shares representing 43,51,80,711 shares are held in dematerialized form and 48.8% representing 41,48,19,289 shares are in physical form.

## 14. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments.

## 15. Plant Locations

| Location | Address |
|---|---|
| West Bengal | 91 New Chord Road, Athpur, Shamnagar, 24 Parganas (N) - 743 128 |
| West Bengal | Durgachak, Haldia, Dist Midnapore, West Bengal - 721 602 |
| Haryana | Plot No. 179, Sector 3, HSIDC Growth Centre, Bawal - 123 501 |
| Maharashtra | D2, MIDC Industrial Estate, Chinchwad East, Pune - 411 019 |
| Maharashtra | Plot No. T-17 MIDC Taloja Industrial Area, Taloja - 410 208 |
| Tamil Nadu | Chichurakanapalli, Sevaganapalli Panchayat, Hosur Taluk, Dist Krishnagiri - 635 103 |

## 16. Address for Correspondence

The Company's registered office is situated at Exide House, 59E, Chowringhee Road, Kolkata 700 020.

Shareholders correspondence should be addressed to:

(a) Share Department, Exide Industries Limited, Exide House, 59E Chowringhee Road, Kolkata – 700 020

**Contact Person:**
Mr Supriya Coomer,
Company Secretary and Compliance Officer.
Tel Nos. : [033] 2283 2636,
Fax No. : [033] 2283 2637,
email : supriyac@exide.co.in

(b) C B Management Services (P) Ltd, P- 22 Bondel Road, Kolkata – 700 019

**Contact Person:** Mr Sankar Ghosh,
Vice President.
Tel No. : [033] 4011 6700,
Fax No. : [033] 2280 0263,
email : rta@cbmsl.com

(c) For investor grievances shareholders may send an email to cosec@exide.co.in

**Status as regards adoption/non adoption of non-mandatory requirements laid down in revised Clause 49 of the Listing Agreement and forming part of the Report on Corporate Governance**

| Particulars | Status |
|---|---|
| **The Board**<br>a) Non-Executive Chairman may maintain a Chairman's office at the expense of the Company.<br>b) Independent Directors may have a tenure not exceeding in the aggregate, a period of nine years, on the Board of the Company. | Not Adopted<br>Not Adopted |
| **Remuneration Committee**<br>i) The above Committee has been constituted as per the provisions contained in Schedule XIII of the Companies Act, 1956.<br>ii) The Chairman of the Committee is an Independent Director.<br>iii) The Chairman of the Committee was present at the last Annual General Meeting of the Members. | Adopted<br>Adopted<br>Adopted. However, the Chairman of the Remuneration Committee was not present at the last AGM as he was indisposed. |
| **Shareholders Rights**<br>A half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each household of shareholders. | Adopted. However, not sent during the year 2009-2010 as part of austerity measures due to economic uncertainty. |
| **Audit Certifications**<br>Company may move towards a regime of unqualified financial statements. | Adopted even before Clause 49 became effective. |
| **Training of Board members**<br>Board members may be trained in the business model of the Company as well as on the risk profile of the business parameters of the company, their responsibilities as Directors and the best ways of discharging them. | All members of the Board are experts in their respective fields and well aware of the business model of the Company as well as its risk profile. |
| **Evaluation of Non-Executive Board members**<br>Mechanism for evaluating performance of non-executive directors by peer group consisting of entire board excluding the director being evaluated. | Not adopted |
| **Whistle Blower Policy**<br>The Company may establish a mechanism for employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. | Not adopted |

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges on Code of Corporate Governance, Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance by the Company is annexed.

## AUDITOR'S CERTIFICATE

To the Members of Exide Industries Limited

We have examined the compliance of conditions of corporate governance by Exide Industries Limited, for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S R Batliboi & Co.
Firm Registration No. 301003E
*Chartered Accountants*

Per R K Agrawal
*Partner*
Membership No. 16667

Place: Mumbai
Date : 28th April, 2010

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO)

The Board of Directors

Exide Industries Limited
Exide House
59E Chowringhee Road
Kolkata- 700 020

We, T V Ramanathan, Managing Director & CEO and A K Mukherjee, Director-Finance & CFO of Exide Industries Limited certify to the Board in terms of the requirement of Clause 49 V of the Listing Agreement with the Stock Exchanges, that we have reviewed the financial statement and cash flow statement of the Company for the financial year ended 31st March, 2010.

1. To the best of our knowledge, we certify that:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that are misleading;
   b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations; and
   c) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
2. For the purposes of financial reporting, we accept the responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, and further state that there were no deficiencies in the design or operation of such internal controls.
3. We do further certify that there has been:
   a) no significant changes in internal controls during the year;
   b) no significant changes in accounting policies during the year; and
   c) no instances of fraud, of which we are aware during the period.

Place : Mumbai
Date : 28.04.2010

T V Ramanathan
Managing Director & CEO

A K Mukherjee
Director-Finance & CFO

## ANNUAL DECLARATION UNDER CLAUSE 49(I)(D) OF LISTING AGREEMENT WITH STOCK EXCHANGES

DECLARATION

As required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the company for the year ended 31st March, 2010.

Place : Mumbai
Date : 28.04.2010

T V Ramanathan
Managing Director & CEO

# AUDITORS' REPORT

## TO THE MEMBERS OF EXIDE INDUSTRIES LIMITED

We have audited the attached Balance Sheet of Exide Industries Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.

iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

v. On the basis of the written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause(g) of sub-section(1) of Section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

b) in the case of Profit and Loss Account, of the profit 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.

**For S.R. BATLIBOI & CO.**
Firm Registration Number: 301003E
**Chartered Accountants**
per R K AGRAWAL
*Partner*
Membership No. 16667

Place : Mumbai
Date : 28 April, 2010

# ANNEXURE TO THE AUDITORS' REPORT

**TO THE MEMBERS OF EXIDE INDUSTRIES LIMITED**
***(REFERRED TO IN OUR REPORT OF EVEN DATE)***

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loan to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2.65 crores and the year-end balance of such loans is Rs. 0.07 crores.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are prima facie not prejudicial to the interest of the Company. However, loan of Rs. 2.58 crores to one of the above companies, which was provided for as doubtful of recovery in the previous year, has now been written off in the accounts during the year.

(c) In respect of above loans, the recovery of principal amount has not fallen due but the recovery of interest has been regular except for the loan written off, as stated in (b) above, where no interest income has been recognized for the year.

(d) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, the directives issued by Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied

with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an internal audit system, which in our opinion, is commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Based on the test check carried out by us and as per the information furnished to us, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess and other material statutory dues have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income- tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (Rs in crores) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Disallowance of certain expenses | 0.80 | Assessment Years 2001-02 | Income Tax Appellate Tribunal |
| | – Do – | 15.50 | Assessment Years 2005-2006 and 2006-07 | CIT, Appeals |
| The Central Excise and Customs Act, 1944 | Determination of Assessable Value/Denial of exemption notification/Wrong Availment of Cenvat Credit | 3.52 | 1993-94 to 2007-08 | Various appellate authorities |
| The Bombay Provincial Municipal Corporation Act, 1949 | Demand for Octroi duty | 0.12 | 2000-2001 | Civil Court, Pune |
| The Central Sales Tax Act, 1956 | Demand relating to non submission of C forms and other documents | 0.09 | 2000-01 to 2003-04 | Various appellate authorities |
| Various States Sales Tax Act | Demands relating to non submission of Local forms /dispute related to classification of goods | 0.62 | 1996-97 to 2005-06 | Various appllate authorities |

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank. There were no outstanding debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended)are not applicable to the Company.

(xiv) In respect of dealing/trading in mutual fund units, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The units have been held by the Company, in its own name. The company is not dealing/trading in shares, debentures, securities or any other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For S.R. BATLIBOI & CO.**
Firm Registration Number: 301003E
**Chartered Accountants**
per R K AGRAWAL
*Partner*
Membership No. 16667

Place : Mumbai
Date : 28 April, 2010

# BALANCE SHEET

AS AT 31st MARCH 2010

| | SCHEDULE | 31.3.2010 Rs. in Crores | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores | 31.3.2009 Rs. in Crores |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 1 | 85.00 | | 80.00 | |
| Reserves & Surplus | 2 | 2,134.77 | | 1,170.35 | |
| | | | 2,219.77 | | 1,250.35 |
| **Loan Funds** | 3 | | | | |
| Secured | | 0.17 | | 179.62 | |
| Unsecured | | 89.82 | | 137.56 | |
| | | | 89.99 | | 317.18 |
| Deferred Tax Liability (net) | 4 | | 59.00 | | 41.20 |
| | | | 2,368.76 | | 1,608.73 |
| **APPLICATION OF FUNDS** | | | | | |
| **Fixed Assets** | 5 | | | | |
| Gross Block | | 1,336.46 | | 1,256.70 | |
| Less: Accumulated Depreciation/ Amortisation | | 659.78 | | 588.70 | |
| Net Block | | 676.68 | | 668.00 | |
| Add: Capital Work-in-Progress including Capital Advances | | 37.76 | | 17.31 | |
| | | | 714.44 | | 685.31 |
| **Investments** | 6 | | 1,335.37 | | 668.48 |
| **Current Assets, Loans & Advances** | | | | | |
| Inventories | 7 | 606.77 | | 438.47 | |
| Sundry Debtors | 8 | 254.58 | | 231.02 | |
| Cash and Bank Balances | 9 | 2.88 | | 33.71 | |
| Loans & Advances | 10 | 47.59 | | 38.38 | |
| | | 911.82 | | 741.58 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Current Liabilities | 11 | 494.33 | | 380.73 | |
| Provisions | 12 | 98.54 | | 105.91 | |
| | | 592.87 | | 486.64 | |
| **Net Current Assets** | | | 318.95 | | 254.94 |
| | | | 2,368.76 | | 1,608.73 |
| Notes to Accounts | 24 | | | | |

Schedules 1 to 12 and 24 referred to above form an integral part of the Balance Sheet.

As per our report of even date.

S. R. Batliboi & Co.
Firm Registration No. 301003E
*Chartered Accountants*
per R.K. Agrawal
*Partner*
Membership Number: 16667
Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

| | SCHEDULE | 2009-2010 Rs. in Crores | 2009-2010 Rs. in Crores | 2008-2009 Rs. in Crores | 2008-2009 Rs. in Crores |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Gross Sales | 13 | 4,541.74 | | 4,233.35 | |
| Less:Excise Duty (refer note no III 'b' on schedule 24) | | 328.27 | | 464.41 | |
| : Sales Tax, Value Added Tax & Octroi | | 419.47 | | 375.92 | |
| Net Sales | | | 3,794.00 | | 3,393.02 |
| Other Income | 14 | | 12.11 | | 6.47 |
| | | | 3,806.11 | | 3,399.49 |
| **EXPENDITURE** | | | | | |
| (Increase)/Decrease in Stocks | 15 | | (49.27) | | 25.95 |
| Materials Consumed | 16 | | 2,223.96 | | 2,210.20 |
| Purchase of Trading Goods | | | 6.04 | | 12.21 |
| Personnel Costs | 17 | | 225.21 | | 170.90 |
| Expenses | 18 | | 498.64 | | 429.01 |
| Interest and Finance Costs | 19 | | 10.29 | | 47.89 |
| Depreciation/Amortisation | 20 | | 80.65 | | 67.94 |
| | | | 2,995.52 | | 2,964.10 |
| **PROFIT BEFORE TAX** | | | 810.59 | | 435.39 |
| Taxation (net) | 21 | | 273.50 | | 151.00 |
| **PROFIT AFTER TAX** | | | 537.09 | | 284.39 |
| Balance brought forward | | | 324.59 | | 281.30 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | 861.68 | | 565.69 |
| APPROPRIATIONS | | | | | |
| General Reserve | | | 250.00 | | 185.00 |
| Interim Dividend | | | 48.00 | | 32.00 |
| Tax on Interim Dividend | | | 8.16 | | 5.44 |
| Proposed Dividend | | | 34.00 | | 16.00 |
| Tax on above Dividend | | | 5.08 | | 2.66 |
| Surplus carried to Balance Sheet | | | 516.44 | | 324.59 |
| | | | 861.68 | | 565.69 |
| Earning per share - Basic & Diluted -(Nominal Value Per Share Re 1) (refer note no III 'm' on schedule 24) | | | Rs. 6.69 | | Rs. 3.55 |
| Notes to Accounts | 24 | | | | |

Schedules 13 to 24 referred to above
form an integral part of the Profit & Loss Account.
As per our report of even date.

S. R. Batliboi & Co.
Firm Registration Number: 301003E
*Chartered Accountants*
per R. K. Agrawal
*Partner*
Membership No. 16667
Mumbai, 28 April, 2010

S. Coomer
Secretary

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31st MARCH 2010

| | | 2009-2010 Rs. in Crores | 2009-2010 Rs. in Crores | 2008-2009 Rs. in Crores | 2008-2009 Rs. in Crores |
|---|---|---|---|---|---|
| (A) | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | Net Profit before tax | | 810.59 | | 435.39 |
| | Adjustment for : | | | | |
| | Depreciation | 80.65 | | 67.94 | |
| | Profit on Fixed Assets sold | (0.05) | | (2.51) | |
| | Loss on Fixed Assets sold / discarded | 0.40 | | 0.75 | |
| | Provision/(Recovery) for Diminution in Value in Investments | (0.01) | | 1.02 | |
| | Provision /(Recovery) for Doubtful Loans and Advances | (0.03) | | 2.58 | |
| | Dividend Income | (8.76) | | (2.06) | |
| | Interest Expense | 10.61 | | 35.35 | |
| | Interest Income | (0.32) | | (0.30) | |
| | Unrealised (Gain) / Loss on Foreign Exchange | – | | 12.84 | |
| | | | 82.49 | | 115.61 |
| | Operating profit before working capital changes | | 893.08 | | 551.00 |
| | (Increase)/Decrease in Sundry Debtors (net of provision) | (23.74) | | 28.19 | |
| | (Increase)/Decrease in Inventories | (168.30) | | 132.27 | |
| | (Increase)/Decrease in Loans & Advances | 8.31 | | 4.32 | |
| | Increase/(Decrease) in Current Liabilities | 107.73 | (76.00) | (72.61) | 92.17 |
| | Cash generation from operations | | 817.08 | | 643.17 |
| | Direct Taxes Paid (net of refund) | | (293.24) | | (138.44) |
| | Net Cash from operating activities | | 523.84 | | 504.73 |
| (B) | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| | Purchase of Fixed Assets | (107.56) | | (173.88) | |
| | Sale of Fixed Assets | 0.27 | | 4.33 | |
| | Acquisition of Shares | (119.96) | | (95.91) | |
| | Sale of Shares | 0.70 | | – | |
| | Purchase of Mutual Fund units | (989.00) | | (125.00) | |
| | Sale of Mutual Fund units | 444.00 | | 70.00 | |
| | Interest Received | 0.39 | | 0.31 | |
| | Dividend received | 2.01 | | 1.27 | |
| | Net Cash used in investing activities | | (769.15) | | (318.88) |
| (C) | **CASH FLOW FROM FINANCING ACTIVITIES:** | | | | |
| | Proceeds from Long Term Borrowings | – | | 60.15 | |
| | Repayment of Long Term Borrowings | (147.74) | | (100.00) | |
| | Net increase/(decrease) in other borrowings | (79.45) | | (5.62) | |
| | Net Proceeds from Issue of Shares (including Share Premium) | 529.91 | | – | |
| | Dividends Paid (including tax) | (74.82) | | (74.88) | |
| | Interest Paid | (13.42) | | (33.47) | |
| | Net Cash used in financing activities | | 214.48 | | (153.82) |
| | Net Increase/(decrease) in cash and cash equivalents | | (30.83) | | 32.03 |
| | Cash and cash equivalents as at 1 April 2009# | | 33.71 | | 1.68 |
| | Cash and cash equivalents as at 31 March 2010# | | 2.88* | | 33.71 |

# as disclosed in Schedule 9

* Includes Rs. 2.06 crs (Rs. 1.69 crs) lying in Unclaimed Dividend Account, being the amount available for restricted use.

As per our report of even date.

S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
*Chartered Accountants*
per R. K. Agrawal
*Partner*
Membership No. 16667
Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT 31st MARCH 2010**

| | Par Value Rs. | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores |
|---|---|---|---|
| **1. SHARE CAPITAL** | | | |
| Authorised | | | |
| 1,000,000,000 Equity Shares | 1 | 100.00 | 100.00 |
| | | 100.00 | 100.00 |
| Issued, Subscribed and paid up | | | |
| * 850,000,000 (800,000,000) Equity Shares fully paid up | 1 | 85.00 | 80.00 |

* Includes 1,350,000 shares issued for consideration other than cash and 541,469,580 shares issued as fully paid up bonus shares by capitalisation of Securities Premium and Capital & Revenue Reserves.

**2. RESERVES & SURPLUS**

| | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores |
|---|---|---|---|---|
| Revaluation Reserve – | | | | |
| Balance as per Last Account | 32.60 | | 36.90 | |
| Less: Adjustment towards assets sold/discarded | 0.68 | | 1.20 | |
| Less: Transfer to Depreciation Account | 1.66 | | 3.10 | |
| | | 30.26 | | 32.60 |
| Securities Premium Account | | | | |
| Balance as per Last Account | 213.16 | | 213.16 | |
| Add: Amount received on issue of shares | 534.50 | | – | |
| Less: Share Issue Expenses adjusted (Refer Note no III 'I' on Schedule 24) | 9.59 | | – | |
| | | 738.07 | | 213.16 |
| General Reserve | | | | |
| Balance as per Last Account | 600.00 | | 415.00 | |
| Add: Transfer from Profit & Loss Account | 250.00 | | 185.00 | |
| | | 850.00 | | 600.00 |
| Profit & Loss Account Balance | | 516.44 | | 324.59 |
| | | 2,134.77 | | 1,170.35 |

| | | Rs. in Crores | 31.3.2010 Rs.in Crores | Rs.in Crores | 31.3.2009 Rs.in Crores |
|---|---|---|---|---|---|
| **3. LOAN FUNDS** | | | | | |
| SECURED | | | | | |
| Term Loans – | | | | | |
| Citibank N.A. | (a) | – | | 100.00 | |
| | | | – | | 100.00 |
| Overdraft from Scheduled banks | (b) | | 0.17 | | 79.62 |
| | | | 0.17 | | 179.62 |
| UNSECURED | | | | | |
| Sales Tax Loan from Small Industries Promotion Council of Tamil Nadu | | 64.82 | | 65.44 | |
| Term Loan from Bank of America NA | | 25.00 | | 50.00 | |
| Term Loan from Standard Chartered Bank | | – | | 22.12 | |
| | | | 89.82* | | 137.56 |
| | | | 89.99 | | 317.18 |
| * Includes repayable within one year Rs. 23.44 crs (Rs. 47.72 crs) | | | | | |
| Securities | | | | | |
| (a) Secured by hypothecation of Plant and Machinery, Moulds and other movable assets of the company located at its Hosur factory. | | | | | |
| (b) Secured by hypothecation of stocks & book debts, both present and future. | | | | | |
| **4. DEFERRED TAX LIABILITY (NET)** | | | | | |
| Balance as per Last account | | | 41.20 | | 47.90 |
| Add / (Less): Deferred Tax Liability / (Asset) for the year | | | 17.80 | | (6.70) |
| | | | 59.00 | | 41.20 |
| (Refer note no III 'j' on Schedule 24) | | | | | |

**5. FIXED ASSETS**

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | NET VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/Valuation as at 1.4.2009 Rs. in Crores | Additions Rs. in Crores | Deductions Rs. in Crores | Cost/Valuation as at 31.3.2010 Rs. in Crores | As at 1.4.2009 Rs. in Crores | Depreciation/ Amortisation Rs. in Crores. | Less: On Sales/ Adjustments Rs. in Crores | As at 31.3.2010 Rs. in Crores | As at 31.3.2010 Rs. in Crores | As at 31.3.2009 Rs. in Crores |
| Goodwill | ´.00 (a) | – | – | ´.00 | ´.00 | – | – | ´.00 | – | – |
| Land | | | | | | | | | | |
| Freehold | 34.58 | ´.91 | – | 36.49 | – | – | – | – | 36.49 | 34.58 |
| Leasehold | ´7.87 | – | – | ´7.87 | 2.34 | 0.23 | – | 2.57 | ´5.30 | ´5.53 |
| Buildings | ´99.08 | 6.59 | ´.76 | 203.91 (c) | 46.38 | 9.46 (d) | ´.05 | 54.79 | ´49.12 | ´52.70 |
| Plant & Machinery | 869.52 | 67.67 | 6.06 | 93´.13 | 454.22 | 6´.55 | 5.71 | 5´0.06 | 42´.07 | 4´5.30 |
| Moulds | 99.72 | ´4.68 | 3.73 | ´´0.67 | 6´.77 | 7.45 | 3.56 | 65.66 | 45.01 | 37.95 |
| Furniture & Fittings | ´2.26 | 0.67 | 0.45 | ´2.48 | 7.99 | 0.83 | 0.40 | 8.42 | 4.06 | 4.27 |
| Motor Vehicles | 2.78 | 0.14 | 0.13 | 2.79 | ´.50 | 0.34 | 0.12 | ´.72 | ´.07 | ´.28 |
| Computers | ´9.89 | 0.63 | 0.40 | 20.12 | ´3.50 | 2.45 | 0.39 | ´5.56 | 4.56 | 6.39 |
| Total | 1,256.70 | 92.29 | ´2.53 | 1,336.46 | 588.70 | 82.31 | ´´.23 | 659.78 | 676.68 | 668.00 |
| Previous year's Total | 1,097.47 | ´88.89 | 29.66 | 1,256.70 | 542.36 | 7´.04 | 24.70 | 588.70 | | |
| Capital Work-in-progress (g) | | | | | | | | | 37.76 | ´7.31 |
| | | | | | | | | | 7´4.44 | 685.31 |

a. Includes Trade Marks, Patents and other intangibles.
b. Conveyance deeds for certain immovable properties valued at Rs 3.77 crs (Rs 3.77 crs) are pending execution.
c. Includes Rs 0.10 crs (Rs 0.10 crs) being the cost of shares in Co-operative Housing Societies.
d. Includes Rs 3.34 crores (Rs Nil) being accelerated depreciation on certain buildings not in use.

e. Estimated outstanding commitments for Capital Expenditure Rs 57.45 crs (Rs. 15.41 crs).

f. Land, Buildings and Plant & Machinery of the Company as on 31 March 1991 and 1999 were revalued by the approved valuers and the surplus arising thereon, has been transferred to Revaluation Reserve.
As in the previous years, additional depreciation for the year on the revalued assets has been appropriated from the Revaluation Reserve.

g. Includes assets in transit.

6. **INVESTMENTS**

| | No. | Face Value per Share/Debenture | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores |
|---|---|---|---|---|
| Long Term | | | | |
| Unquoted | | | | |
| Government Securities | | | 0.01 * | 0.01 |
| (Lodged as Security Deposit with various authorities) | | | | |
| Fully paid up Equity Shares | | | | |
| Subsidiary Companies – | | | | |
| Chloride International Limited | 450,000 | Rs. 10 | 0.20 | 0.20 |
| Caldyne Automatics Limited | 19,80,000 | Rs. 10 | 2.93 | 2.93 |
| Chloride Metals Limited | 53,46,100 | Rs. 10 | 25.00 | 25.00 |
| Leadage Alloys India Limited | 23,86,800 | Rs. 10 | 33.41 | 33.41 |
| Chloride Batteries S.E. Asia Pte Limited | 70,00,000 | Singapore $1 | 10.35 | 10.35 |
| Espex Batteries Limited | 102,000 | GBP 1 | 0.78 | 0.78 |
| Associated Battery Manufacturers (Ceylon) Ltd | 38,96,640 | Sri Lankan Rp 10 | 7.31 | 7.31 |
| Others – | | | | |
| CEIL Motive Power Pty Limited, Australia | - (26) | Australian $1 | – | – # |
| ING VYSYA Life Insurance Company Limited | 61,37,41,500** (52,00,00,000) | Rs. 10 | 625.73 | 531.99 |
| Arkay Energy (Rameswaram) Limited | - (700000) | Rs. 10 | – | 0.70 |
| Haldia Integrated Development Agency Ltd. | 500,000 | Rs. 10 | 0.50 | 0.50 |
| Fully paid up Debentures | | | | |
| Woodlands Medical Centre Ltd | | | | |
| 1/2% Debentures | 20 | 100 | –*^ | – |
| 5% Non-redeemable Registered Debentures | 1 | 6,000 | –*^ | – |
| Quoted | | | | |
| Fully Paid up Equity Shares | | | | |
| Hathway Cable and Datacom Limited | 10,92,566 (–) | Rs. 10 | 26.22 | – |
| (Aggregate Market Value Rs 22.67 Crores) | | | | |
| Current - Quoted | | | | |
| Units in Mutual Funds | | | 602.93* | 55.30 |
| (Refer Note no III 't' on Schedule 24) | | | | |
| | | | 1,335.37 | 668.48 |

| Aggregate Value of Investments | Cost | Market Value | Cost | Market Value |
|---|---|---|---|---|
| | 31.3.2010 | | 31.3.2009 | |
| | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs.in Crores |
| Quoted | 629.15 | 625.60 | 55.30 | 55.30 |
| Unquoted | 706.22 | | 613.18 | |

Note: All the above investments, except those marked with an asterisk, are trade investments
** Includes 10,41,66,500 Shares Pending allotment as at Balance Sheet date-Since alloted.
# Net of Provision for diminution in value of investments Rs. 1.02 crs.
^ Figures being less than Rs. 50,000 in each case, has not been disclosed

| | 31.3.2010 Rs. in Crores | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores | 31.3.2009 Rs.in Crores |
|---|---|---|---|---|
| 7. **INVENTORIES** | | | | |
| (At Lower of Cost or Net Realisable Value) | | | | |
| Stores, Spare parts, Loose Tools etc. | | 13.52 | | 12.23 |
| Raw Materials and Components @ | | 262.16 | | 144.42 |
| Work-in-Progress | | 152.02 | | 117.45 |
| Finished Goods @ | 153.93 | | 141.26 | |
| Add: Excise Duty | 22.52 | | 20.34 | |
| | | 176.45 | | 161.60 |
| Trading Goods | | 2.62 | | 2.77 |
| | | 606.77 | | 438.47 |

@ Includes materials in transit/Bonded warehouse or lying with third parties

| | 31.3.2010 | | 31.3.2009 | |
|---|---|---|---|---|
| | Rs. in Crores | Rs.in Crores | Rs.in Crores | Rs.in Crores |
| **8. SUNDRY DEBTORS** | | | | |
| (Unsecured, considered good) | | | | |
| Debts over six months | | 4.37 * | | 9.13 |
| Other Debts | | 250.21 | | 221.89 |
| | | 254.58 # | | 231.02 |
| | | 2.33 | | 1.82 |
| * Net of doubtful debts fully provided for | | | | |
| # (Refer Note no III 'h' on Schedule 24) | | | | |
| **9. CASH AND BANK BALANCES** | | | | |
| Cash and Cheques in hand (including Remittances in transit) | | 0.18 | | 20.25 |
| Balances with Scheduled banks on: | | | | |
| Current Account | 0.64 | | 11.77 | |
| Unclaimed Dividend Account | 2.06 | | 1.69 | |
| | | 2.70 | | 13.46 |
| | | 2.88 | | 33.71 |
| **10. LOANS AND ADVANCES** | | | | |
| (Unsecured, considered good) | | | | |
| Dividend Receivable | | | | |
| – From Subsidiary Companies | | 4.75 | | 0.63 |
| Loans | | | | |
| – To a Subsidiary Company | 0.07 | | 0.07 | |
| – Others | 0.01 | 0.08 | 0.01 | 0.08 |
| Interest Accrued on Loans | | – | | 0.13 |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | | 15.96 | | 24.89 |
| Advance Tax, Refunds receivable and Tax deducted at source (net of provisions) | | 13.51 | | – |
| Balances with Customs, Sales Tax & Excise Authorities | | 2.27 | | 2.61 |
| Deposits – Others | | 11.02 | | 10.04 |
| | | 47.59* | | 38.38 |
| * Net of Provision for Doubtful Loans and Advances Rs. 1.08 crs (Rs. 2.58 crores) | | | | |
| **11. CURRENT LIABILITIES** | | | | |
| Sundry Creditors | | | | |
| – Due to Micro and Small enterprises (Refer note no III 'e' on Schedule 24) | | 5.44 | | 7.77 |
| – Due to others | | 385.71 | | 292.79 |
| Acceptances | | 47.08 | | 33.71 |
| Other Liabilities | | 38.63 | | 32.85 |
| Advances from Customers | | 14.97 | | 8.56 |
| Investor Education and Protection Fund (Refer note no III 'g' on Schedule 24) | | 2.06 | | 1.73 |
| Interest accrued but not due on Loans | | 0.44 | | 3.32 |
| | | 494.33 | | 380.73 |
| **12. PROVISIONS** | | | | |
| Employee Benefits | | 13.96 | | 11.68 |
| Product related Warranty/Guarantees (Refer note no III 'k' on Schedule 24) | | 45.50 | | 51.34 |
| Taxation (net of Advance Tax) | | – | | 24.23 |
| Proposed Dividend | | 34.00 | | 16.00 |
| Tax on Proposed Dividend | | 5.08 | | 2.66 |
| | | 98.54 | | 105.91 |

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | Rs. in Crores | Rs. in Crores | Rs in Crores | Rs. in Crores |
| **13. SALES** | | | | |
| Storage Batteries | | 4,532.00 | | 4,215.45 |
| Trading Items | | 9.60 | | 17.82 |
| Others | | 0.14 | | 0.08 |
| | | 4,541.74 * | | 4,233.35 |
| * Includes Exchange Gain Rs. 1.38 crs (Rs. 8.70 crs). | | | | |
| **14. OTHER INCOME** | | | | |
| Dividend from Long Term Trade Investments (from subsidiary companies) | | 4.98 | | 1.33 |
| Dividend from Current Non trade Investments | | 3.78 | | 0.73 |
| Technical Assistance Fees | | 0.32 | | 0.30 |
| Profit on Fixed assets sold | | 0.05 | | 2.51 |
| Bad debts recovered | | 1.25 | | 0.17 |
| Sundry Income | | 1.73 | | 1.43 |
| | | 12.11 | | 6.47 |
| **15. (INCREASE) / DECREASE IN STOCKS** | | | | |
| Opening Stocks | | | | |
| Work-in-progress | 117.45 | | 128.35 | |
| Finished goods | 141.26 | | 147.60 | |
| Trading goods | 2.77 | | 3.52 | |
| | | 261.48 | | 279.47 |
| Closing Stocks | | | | |
| Work-in-progress | 152.02 | | 117.45 | |
| Finished goods | 153.93 | | 141.26 | |
| Trading goods | 2.62 | | 2.77 | |
| | | 308.57 | | 261.48 |
| Excise Duty | | (2.18)* | | 7.96 |
| | | (49.27) | | 25.95 |
| * Represents Excise duty on (Increase)/ decrease of Finished goods inventory | | | | |
| **16. MATERIALS CONSUMED** | | | | |
| Raw Materials, Components etc: | | | | |
| Opening Stock | 144.42 | | 251.21 | |
| Add: Purchases (including Processing charges, Procurement expenses etc. and after adjusting Cenvat Credits) | 2,341.70 | | 2,103.41 | |
| | 2,486.12 | | 2,354.62 | |
| Less: Closing Stock | 262.16 | 2,223.96 | 144.42 | 2,210.20 |
| | | 2,223.96 | | 2,210.20 |

(Refer note no III 'i' on Schedule 24)

| | 2009-2010 Rs. in Crores | Rs. in Crores | 2008-2009 Rs. in Crores | Rs. in Crores |
|---|---|---|---|---|
| **17. PERSONNEL COSTS** | | | | |
| Salaries, Wages & Bonus | | 177.77 | | 134.14 |
| Contribution to Provident & Other Funds (net) | | 20.26 | | 15.56 |
| Welfare Expenses | | 27.18 | | 21.20 |
| | | 225.21 | | 170.90 |
| **18. EXPENSES** | | | | |
| Stores & Spare Parts consumed | | 40.43 | | 34.16 |
| Power & Fuel | | 135.78 | | 118.89 |
| Battery Charging / Battery Assembly expenses | | 8.95 | | 6.97 |
| Repairs & Maintenance | | | | |
| Buildings | 5.58 | | 4.37 | |
| Plant & Machinery | 21.47 | | 16.63 | |
| Computers & Softwares | 3.83 | | 4.24 | |
| Others | 2.49 | 33.37 | 2.91 | 28.15 |
| Rent & Hire Charges | | 10.33 | | 8.36 |
| Rates & Taxes | | 1.14 | | 1.44 |
| Insurance | | 1.12 | | 1.44 |
| Commission | | 4.33 | | 6.32 |
| Royalty and Technical Aid Fees | | 4.46 | | 4.97 |
| Publicity and Sales Promotion | | 43.11 | | 28.98 |
| Freight & Forwarding (net) | | 105.17 | | 85.91 |
| Selling Expenses (Schedule 22) | | 66.24 | | 57.61 |
| Travelling & Conveyance | | 12.02 | | 11.37 |
| Bank Charges | | 2.90 | | 3.41 |
| Communication Costs | | 5.67 | | 5.30 |
| Donations | | 0.27 | | 0.01 |
| Auditors' Remuneration (refer note no III 'u' on schedule 24) | | 0.65 | | 0.57 |
| Directors' Sitting Fees | | 0.03 | | 0.01 |
| Loss on Fixed Assets sold/discarded | | 0.40 | | 0.75 |
| Bad Debts written off | 0.19 | | 0.32 | |
| Less: Adjusted against provision | (0.19) | – | (0.05) | 0.27 |
| Loans and Advances written off | 2.54 | – | | |
| Less: Adjusted against provision | (2.54) | – | – | – |
| Loss on Disposal of Long term Trade Investment | 1.01 | | | |
| Less: Adjusted against provision | (1.01) | – | – | – |
| Provision for Doubtful Loans and Advances | | – | | 2.58 |
| Provision for Diminution in value of Investments | | – | | 1.02 |
| Miscellaneous Expenses (Schedule 23) | | 22.27 | | 20.52 |
| | | 498.64 | | 429.01 |
| **19. INTEREST AND FINANCE COST** | | | | |
| Interest on: | | | | |
| Term Loans | | 5.10 | | 14.86 |
| Working Capital Borrowings | | 5.44* | | 33.22 |
| | | 10.54 | | 48.08 |
| Fund Mobilisation Costs | | 0.07 | | 0.11 |
| | | 10.61 | | 48.19 |
| Less: Interest received on loans, deposits etc. [including Tax deducted at source Rs. 0.07 crs (Rs. 0.06 crs)] | | 0.32 | | 0.30 |
| | | 10.29 | | 47.89 |

*Net of exchange Gain Rs 3.57 crs (Includes Loss Rs 13.72 crs.)

| | 2009-2010 Rs. in Crores | 2008-2009 Rs.in Crores |
|---|---|---|
| **20. DEPRECIATION/AMORTISATION** | | |
| Charge for the year | 82.31 | 71.04 |
| Less: Transfer from Revaluation Reserve | 1.66 | 3.10 |
| | 80.65 | 67.94 |
| **21. TAXATION** | | |
| Provision for Income Tax | 273.30* | 149.20 |
| Provision for Wealth Tax | 0.20 | 0.20 |
| Provision for Fringe Benefit Tax | – | 1.60 |
| | 273.50 | 151.00 |
| *Includes Deferred Tax Liability Rs 0.53 crs (release Rs 6.70 crs), and provision for earlier years Rs 1.41 crs (Rs 1.50 crs). (Refer Note no III 'J' on Schedule 24) | | |
| **22. SELLING EXPENSES** | | |
| Testing Charges | 0.86 | 0.38 |
| Liquidated Damages | 0.45 | 0.23 |
| Cash Discounts | 33.51 | 32.48 |
| After Sales Services | 14.86 | 14.30 |
| C & F Expenses | 16.17 | 10.00 |
| Installation Costs | 0.39 | 0.22 |
| | 66.24 | 57.61 |
| **23. MISCELLANEOUS EXPENSES** | | |
| Motor Vehicle Running Expenses | 3.59 | 3.44 |
| Consultancy & Services outsourced | 6.50 | 7.62 |
| Security Service Charges | 3.57 | 3.03 |
| General Expenses | 0.55 | 0.66 |
| Legal Expenses | 1.52 | 0.81 |
| Printing & Stationery | 3.76 | 3.20 |
| TQM Expenses | 0.27 | 0.32 |
| CSR Expenses | 1.18 | 0.33 |
| Pollution Control Expenses | 1.33 | 1.11 |
| | 22.27 | 20.52 |
| **24. NOTES TO ACCOUNTS** | | |
| **I. CONTINGENCIES** | | |
| Contingent liabilities not provided for in respect of | | |
| – Outstanding Bank Guarentees/Indemnity Bonds | 10.09 | 10.24 |
| – Sales Tax demands | 1.03 | 0.11 |
| – Excise Duty demands | 0.77 | 0.62 |
| – Other claims being disputed by the Company | 0.50 | 0.54 |
| – Claim from a landlord, an appeal whereby is pending in Hon'ble Bombay High Court | Not ascertainable | Not ascertainable |

24. NOTES TO ACCOUNTS (Contd.)

| | 2009-2010 Rs. in Crores | Rs. in Crores | 2008-2009 Rs.in Crores | Rs.in Crores |
|---|---|---|---|---|
| **II. DIRECTORS' REMUNERATION** | | | | |
| a. Computation of Directors' commission | | | | |
| Profit before taxation | | 810.59 | | 435.39 |
| Add: Depreciation | | 80.65 | | 67.94 |
| Less: Net Profit on sale of Fixed assets as per section 349 | | (0.35) | | 1.76 |
| | | 891.59 | | 501.57 |
| Less: Depreciation as per section 350 | | (80.65) | | (67.94) |
| Profit as per section 349 of the Companies Act, 1956 | | 810.94 | | 433.63 |
| Add: | | | | |
| Commission payable to Directors | 1.65 | | 1.51 | |
| Directors' remuneration & fees, excluding commission | 4.72 | | 4.19 | |
| | | 6.37 | | 5.70 |
| Profit as per Section 198 | | 817.31 | | 439.33 |
| Maximum Commission permissible to Managing and Whole-time Directors @10% of the net profit as calculated above | | 81.73 | | 43.93 |
| Actual amount payable in terms of service agreements | | 1.65 | | 1.51 |
| b. Directors' Remuneration and Fees | | 6.37* | | 5.70 |

*Comprising of salary and performance bonus Rs 3.31 crs (Rs. 2.87 crs), contribution to provident, gratuity & other funds Rs 0.81 crs (Rs. 0.73 crs), estimated cost of other benefits Rs. 0.58 crs (Rs. 0.59 crs) and commission Rs. 1.65 crs (Rs. 1.51 crs) to the Whole-time directors (including Managing Director) and Sitting Fees Rs. 0.02 crs (Rs. 0.01 crs) to Non-Executive Directors.

**III. OTHERS**

a. Sales are net of price adjustments for earlier years, settled during the year by the Company and discounts, trade incentives etc (after adjustment of excess provision written back amounting to Rs. 9.93 crs.).

b. Excise duty includes Rs. 8.83 crs. (Rs. 11.96 crs) paid on batteries issued towards warranty claims.

c. The Company has a full-fledged Research and Development Center and its has thereby been able to considerably further its efficiency. During the year, a sum of Rs. 11.55 crs. (Rs. 9.38 crs), including capital expenditure Rs. 2.73 crs. (Rs. 1.80 crs), was spent on Research and Development work.

d. Stores and Spares consumed is exclusive of Rs. 0.37 crs (Rs. 0.29 crs) being the amounts allocated to other heads of expenses.

e. The amounts due to Micro and Small enterprises are as follows:-

| | | |
|---|---|---|
| 1. Principal Amount | Rs. 5.44 crs | (Rs. 7.77 crs) |
| Interest due on above | Rs. 0.02 crs | (Rs. 0.01 crs) |
| 2. Amount of interest paid in terms of Sec. 16 of the Micro, Small and Medium Enterprise Development Act 2006 | Rs. nil | (Rs. nil) |
| 3. Amount of interest due and payable for the period of delay | Rs. 0.02 crs | (Rs.0.01 crs) |
| 4. Amount of interest accrued and remaining unpaid as at 31st March 2010 | Rs. 0.02 crs | (Rs. 0.01 crs) |
| 5. Amount of further interest remaining due and payable in the succeeding year | Rs. nil | (Rs. nil) |

f. Diminution, based on the net worth as per the latest audited accounts of the relevant Company or market value, in the value of certain long term unquoted/quoted investments as on the Balance Sheet date, being temporary in nature, has not been provided.

g. Details of amount payable (when due) to Investor Education & Protection Fund are as follows (Schedule -11)

24. NOTES TO ACCOUNTS (Contd.)

| | 31.3.2010 Rs. in crs | 31.3.2009 Rs. in crs |
|---|---|---|
| Unclaimed Dividend | 2.06 | 1.70 |
| Unclaimed Public Deposits | – | 0.03 |
| **Total** | **2.06** | **1.73** |

h. The particulars of amounts due from Subsidiary Companies are as follows:

Rs. in crs

| Name of the Subsidiary | Amounts Due | |
|---|---|---|
| **A-Sundry Debtors (Schedule-8)** | **31/3/2010** | **31/3/2009** |
| Chloride Batteries S.E. Asia Pte Limited | 8.43 | 8.18 |
| Caldyne Automatics Limited | 5.32 | 3.32 |
| Chloride International Ltd. | – | 0.12 |
| Espex Batteries Limited | 11.77 | 6.99 |
| Leadage Alloys India Limited | – | 1.97 |

| B-Loans & Advances (Schedule-10) | Amounts Due | | Maximum Amount outstanding during the year | |
|---|---|---|---|---|
| | 31/3/2010 | 31/3/2009 | 31/3/2010 | 31/3/2009 |
| Espex Batteries Limited* | 0.11 | 0.07 | 0.11 | 0.08 |
| Associated Battery Manufacturers (Ceylon) Ltd.** | 0.69 | 0.52 | 0.69 | 0.52 |
| Caldyne Automatics Limited*** | 0.30 | 0.20 | 0.30 | 0.20 |
| Chloride International Ltd.*** | 0.09 | – | 0.09 | 0.09 |
| Leadage Alloys India Ltd.*** | 2.39 | – | 2.39 | – |
| Chloride Metals Limited*** | 1.34 | – | 1.34 | – |

* Including GBP 10,000 loan with interest at GBP LIBOR plus 100 basis points, without any repayment schedule and dividend receivable thereon.

** Represents dividend and Technical Assistance fees receivable.

*** Represents dividend receivable.

i. Materials consumed (Schedule 16) includes warranty costs Rs. 28.81 crs (Rs. 37.59 crs) and is net of exchange fluctuation Gain Rs. 18.18 crs. (Includes Exchange Loss Rs. 40.64 crs.), export incentives Rs. 5.10 crs. (Rs. 4.64 crs.), and purchase tax set-off Rs.0.64 crs. (Rs. nil).

j. The Break-up of Deferred Tax liability as on 31 March 2010 is as follows:

| | | 31.03.2010 Rs. in crs. | 31.03.2009 Rs. in crs. |
|---|---|---|---|
| A. Deferred Tax Liability | | | |
| i) Timing Difference in depreciable assets. | | 58.01 | 57.76 |
| ii) Expenses claimed as deduction as per Income Tax Act, 1961 but not booked in current year. | | 8.36 | 7.40 |
| | Total | 66.37 | 65.16 |

24. NOTES TO ACCOUNTS (Contd.)

| | 31.03.2010 Rs. in crs. | 31.03.2009 Rs. in crs. |
|---|---|---|
| B. Deferred Tax Asset | | |
| i) Expenses allowable against taxable income in future years | 2.91 | 11.69 |
| ii) Expenses disallowed in earlier assessments which are being contested | 4.46 | 12.27 |
| Net Deferred Tax Liability (A-B) | 59.00 | 41.20 |

Based on a recent ruling of The Hon'ble Supreme Court in another case and also its tax assessment order for an earlier year, the Company has treated provision for warranty as an allowable expenditure while estimating the liability for IncomeTax for the year and has also written back excess tax liabilities of Rs.18.09 crores and reversed the corresponding deferred tax asset of Rs 17.27 crores for past years arising due to the above.

k. The movements in 'Provision for Product Related Warranty/Guarantee' Account during the year are as follows:

| | 2009-10 Rs. in crs. | 2008-09 Rs. in crs. |
|---|---|---|
| Opening Balance:- | 51.34 | 51.56 |
| Add: Provision created during the year | 37.64 | 49.58 |
| Less: Product related warranties issued for the year | 43.48 | 49.80 |
| **Closing Balance** | **45.50** | **51.34** |

l. During the year, the Company has issued 5 crores shares of Re 1 each to Qualified Institutional Buyers (QIBs) at a premium of Rs.106.90 to generate funds for its capital expenditure, acquisitions and for general corporate purposes. The total sum received aggregated to Rs.539.50 crores (including Rs.534.50 crores towards Securities premium). Pending utilization of the money for the purposes mentioned above, the Company has temporarily invested the funds in mutual funds after adjusting share issue expenses of Rs 9.59 crores (including Auditor's remuneration of Rs. 0.27 crores).

m. Details for calculation of basic and diluted earning per share are as under:

| | | 2009-10 | 2008-09 |
|---|---|---|---|
| Profit after taxation as per Profit & Loss Account | (Rs. crs.) | 537.09 | 284.39 |
| Weighted Average number of equity shares | (No.) | 80,27,39,806 | 80,00,00,000 |
| Basic and diluted earning per share | (Rs.) | 6.69 | 3.55 |

n. **BUSINESS SEGMENT**

As the Company's business activity falls within a single primary business segment, viz. 'Lead Acid Storage Batteries', the disclosure requirements of Accounting Standard-17 "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

o. **GEOGRAPHICAL SEGMENTS**

The Company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and Overseas operations as under:

Revenue - Gross Sales

| | 2009-10 Rs. in crs. | 2008-09 Rs. in crs. |
|---|---|---|
| India | 4434.18 | 4113.30 |
| Overseas | 107.56 | 120.05 |

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which the assets are located:

Rs. in Crs.

| | Carrying amount of segment assets | | Additions to fixed assets and intangible assets including CWIP | |
|---|---|---|---|---|
| | 31.3.2010 | 31.3.2009 | 2009-2010 | 2008-2009 |
| India | 1602.29 | 1404.53 | 112.73 | 159.53 |
| Overseas | 23.97 | 22.36 | – | – |
| | **1626.26** | **1426.89** | **112.73** | **159.53** |

24. NOTES TO ACCOUNTS (Contd.)

p. The following assets and liabilities in foreign currencies as at the Balance Sheet Date are not hedged:

Rs. in crs.

| Sr. No. | Particulars | 31.3.2010 | 31.3.2009 |
|---|---|---|---|
| (i) | Trade Receivables | 23.90 | 19.71 |
| (ii) | Loans given to an overseas subsidiaries | 0.07 | 0.07 |
| (iii) | Investments in overseas subsidiaries and associates | 18.43 | 19.45 |
| (iv) | Dividend and Technical fees receivable | 0.72 | 0.52 |
| (v) | Trade Payables | 94.66 | 56.71 |

The company also has a rupee swap to fully hedge the foreign currency borrowing of Rs. 25 crs (Rs. 72.12 crs).

q. The Company has paid Rs. 0.49 crs (Rs. 0.52 crs) towards lease of residential apartments. These are cancellable leases, renewable by mutual agreement. Generally, there is no escalation clause and no other restrictions imposed by the lease arrangements. There are no sub-leases.

r. **Gratuity, compensated absences and other post-employment benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The scheme is funded with an insurance company.

The Company provides certain Post-Retirement Medical Benefits (PRMB) to the employees qualifying for such benefits under the scheme upto 31 March 2006, and accordingly the number of beneficiaries is frozen on that date. This benefit is unfunded.

The Company has a Pension plan, a part of the liability whereof upto 31 March 2003 is in the nature of a defined benefit plan. From 1 April 2003 onwards, pension remains as a defined contribution liability which is funded annually with an insurance company.

The Company also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement/separation. This is an unfunded plan.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Rs. in Crs.

| | For the year ended 31st March 2010 | | | For the year ended 31st March 2009 | | |
|---|---|---|---|---|---|---|
| | GRATUITY | PENSION Plan (Benefit) | PRMB | GRATUITY | PENSION Plan (Benefit) | PRMB |
| **I. Expenses recognised in the Statement of Profit & Loss Account** | | | | | | |
| 1. Current Service Cost | 1.95 | – | 0.06 | 1.67 | – | 0.07 |
| 2. Interest Cost | 1.81 | 0.59 | 0.16 | 1.80 | 0.68 | 0.17 |
| 3. Expected Return on plan assets | 2.51 | 0.97 | – | 2.06 | 0.95 | – |
| 4. Actuarial (Gains)/Losses | 6.48 | 0.09 | 0.53 | 4.09 | 0.30 | 0.22 |
| 5. Total Expense | 7.73 | (0.29) | 0.75 | 5.50 | 0.03 | 0.46 |
| **II. Net Asset/(Liability) recognised in the Balance Sheet** | | | | | | |
| 1. Present Value of Defined Benefit Obligation | 37.12 | 9.59 | 3.11 | 29.24 | 9.42 | 2.47 |
| 2. Fair Value of Plan Assets | 36.52 | 13.01 | – | 29.36 | 12.53 | – |
| 3. Net Asset/(Liability) | (0.60) | 3.42 | (3.11) | 0.12 | 3.11 | (2.47) |
| **III. Change in Obligation during the year** | | | | | | |
| 1. Present Value of Defined Benefit Obligation at the beginning of the year | 29.24 | 9.42 | 2.47 | 23.49 | 8.67 | 2.11 |
| 2. Current Service Cost | 1.95 | – | 0.06 | 1.67 | – | 0.07 |
| 3. Interest Cost | 1.81 | 0.59 | 0.16 | 1.80 | 0.68 | 0.17 |
| 4. Benefits Paid | 2.86 | 0.84 | 0.11 | 1.98 | 0.43 | 0.10 |
| 5. Actuarial (Gains)/Losses | 6.98 | 0.42 | 0.53 | 4.26 | 0.50 | 0.22 |
| 6. Present Value of Defined Benefit Obligation at the end of thye year | 37.12 | 9.59 | 3.11 | 29.24 | 9.42 | 2.47 |

24. NOTES TO ACCOUNTS (Contd.)

Rs. in Crs.

| | For the year ended 31st March 2010 | | | For the year ended 31st March 2009 | | |
|---|---|---|---|---|---|---|
| | GRATUITY | PENSION | PRMB Plan (Benefit) | GRATUITY | PENSION | PRMB Plan (Benefit) |
| **IV. Change in the Fair Value of Plan Assets during the year** | | | | | | |
| 1. Plan assets at the beginning of the year | 29.36 | 12.53 | – | 24.37 | 12.35 | – |
| 2. Expected return on plan assets | 2.51 | 0.97 | – | 2.06 | 0.95 | – |
| 3. Contribution by employer | 7.01 | 0.02 | 0.11 | 4.74 | (0.54) | 0.10 |
| 4. Actual Benefits Paid | 2.86 | 0.84 | 0.11 | 1.98 | 0.43 | 0.10 |
| 5. Actuarial (Gains)/Losses | 0.50 | 0.33 | – | 0.17 | 0.20 | – |
| 6. Plan assets at the end of the year | 36.52 | 13.01 | – | 29.36 | 12.53 | – |
| 7. Actual return on Plan Assets | 3.01 | 1.30 | – | 2.23 | 1.15 | – |
| **V. In 2010-11 the Company expects to contribute Rs. 5.00 crs to gratuity and Rs. 1.00 crs to Pension.** | | | | | | |
| **VI. The major categories of plan assets as a percentage of the fair value of total plan assets** | | | | | | |
| Investments with insurer | 100% | 100% | – | 100% | 100% | – |
| **VII. Actuarial Assumptions** | | | | | | |
| 1. Discount Rate | 7.50% p.a (6.50%) | | | | | |
| 2. Expected rate of return on plan assets | 8.00% p.a (8.00%) | | | | | |
| 3. Mortality pre retirement | Standard Table LIC (1994-96) Ultimate | | | | | |
| 4. Mortality Post retirement | Mortality for annuitants LIC (1996-98) Ultimate | | | | | |
| 5. Employee Turnover Rate | 19.30% (19.30%) | | | | | |

**VIII.** Healthcare cost trend rates have no effect on the amounts recognised in the profit and loss account, since the benefit is in the form of a fixed amount as per the various grades, which is not subject to change.

**IX.** The estimates 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.

**X.** Contribution to Provident and Other Funds includes Rs. 12.51 crs (Rs. 10.26 crs) paid towards Defined Contribution Plans.

Rs in Crs.

| **XI.** Amount for the current and previous four periods are as follows : | Year ended March 10 | Year ended March 09 | Year ended March 08 | Year ended March 07 | Year ended March 06 |
|---|---|---|---|---|---|
| 1. Gratuity | | | | | |
| Defined Benefit Obligation | 37.12 | 29.24 | 23.49 | 22.82 | 21.42 |
| Plan Assets | 36.52 | 29.36 | 24.37 | 23.20 | 22.27 |
| Surplus / (deficit) | (0.60) | 0.12 | 0.88 | 0.38 | 0.85 |
| Experience adjustments on plan liabilities | (11.15) | (0.57) | 0.66 | 2.44 | 0.76 |
| Experience adjustments on plan assets | 0.49 | 0.17 | 0.22 | 0.10 | 1.25 |
| 2. Pension | | | | | |
| Defined Benefit Obligation | 9.59 | 9.42 | 8.67 | 11.91 | 15.50 |
| Plan Assets | 13.01 | 12.53 | 12.35 | 14.53 | 18.06 |
| Surplus / (deficit) | 3.42 | 3.11 | 3.68 | 2.62 | 2.56 |
| Experience adjustments on plan liabilities | (0.03) | (0.39) | (2.43) | (2.92) | (1.22) |
| Experience adjustments on plan assets | 0.33 | 0.20 | 0.14 | 0.22 | (0.03) |
| 3. Post Retirement Medical Benefit | | | | | |
| Defined Benefit Obligation | 3.11 | 2.47 | 2.11 | 2.15 | 2.12 |
| Experience adjustments on plan liabilities | 0.75 | 0.01 | (0.05) | 0.70 | 0.31 |

24. NOTES TO ACCOUNTS (Contd.)

s. The Ministry of Corporate Affairs, Government of India vide its letter no. 47/68/2010-CL-III dated 19th March, 2010, has exempted the Company from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the Company required u/s 212 of the Companies Act, 1956.

t. In additions to the details furnished in Schedule 6, the following investments in Mutual funds units were purchased and sold during the year:

| Name of the fund | Units Purchased | Units Sold |
|---|---|---|
| Reliance Mutual Fund | 450,592.26<br>(420.10) | 450,592.26<br>(420.10) |
| HDFC Mutual Fund | 50,002,584.50<br>(9,989,321.78) | 50,002,584.50<br>(9,989,321.78) |
| ING Vysya Mutual Fund | 210,088,401.17<br>(50,606,168.66) | 210,088,401.17<br>(50,606,168.66) |
| IDFC Mutual Fund | 14,030,895.74<br>(–) | 14,030,895.74<br>(–) |
| ICICI Prudential Mutual Fund | 2,846,775.33<br>(–) | 2,846,775.33<br>(–) |
| Kotak Mutual Fund | 9,994,859.04<br>(–) | 9,994,859.04<br>(–) |
| Can Rebeco Mutual Fund | 4,060,529.66<br>(–) | 4,060,529.66<br>(–) |
| Tata Mutual Fund | 34,971,817.45<br>(5,004,440.73) | 34,971,817.45<br>(5,004,440.73) |
| Bharti Axa Mutual Fund | 50,039.49<br>(–) | 50,039.49<br>(–) |
| SBI Mutual Fund | 5,001,846.16<br>(–) | 5,001,846.16<br>(–) |
| Birla Mutual Fund | 25,068,502.31<br>(–) | 25,068,502.31<br>(–) |
| DSP Mutual Fund | 49,994.28<br>(50,151.95) | 49,994.28<br>(50,151.95) |

u. Details of Auditor's remuneration:-

| | 2009-10 (Rs. in crs.) | 2008-09 (Rs. in crs) |
|---|---|---|
| Statutory Audit | 0.33 | 0.30 |
| Limited Reviews | 0.22 | 0.18 |
| Tax Audit | 0.05 | 0.04 |
| In other capacity for certificates etc | 0.03 | 0.03 |
| Out of Pocket Expenses | 0.02 | 0.02 |
| Total | 0.65 | 0.57 |

**v. Related Party Disclosure:**

i) Particulars of related parties :

1. Subsidiaries : Chloride Batteries S.E. Asia Pte. Limited, Singapore (CBSEA)
Chloride International Limited (CIL)
Caldyne Automatics Limited (Caldyne)
Espex Batteries Limited, UK (Espex)
Associated Battery Manufacturers (Ceylon) Ltd., Sri Lanka (ABML)
Chloride Metals Limited (CML-Formerly Tandon Metals Limited)
Leadage Alloys India Limited
Exide Batteries (Pvt) Limited (Subsidiary of CBSEA)

24. NOTES TO ACCOUNTS (Contd.)

| | | |
|---|---|---|
| 2. Associate Companies | : | ING VYSYA Life Insurance Company Limited (IVL)<br>CEIL Motive Power Pty Limited, Australia (Upto 24th August, 2009) |
| 3. Enterprise/Individuals having a direct or indirect controls over the company | : | Chloride Eastern Limited, UK. (CEL)<br>Chloride Eastern Industries Pte Limited, Singapore (CEIL)<br>LIEC Holdings SA, Switzerland<br>Mr. S B Raheja |
| 4. Key Management Personnel | : | Mr. T V Ramanathan<br>Mr. G Chatterjee<br>Mr. P K Kataky<br>Dr. S K Mittal<br>Mr. A K Mukherjee<br>Mr. Nadeem Kazim<br>Mr. Supriya Coomer |
| 5. Name of the Companies/firms/ in which Directors/Key Management Personnel have significant influence with whom transactions have happened during the year | : | Nil |

ii) Details of transactions entered into with the related parties:

(Rs. in Crores.)

| | | Subsidiaries | | Associate Companies | | Enterprise/Individuals having direct or indirect control | | Key Management Personnel | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Transaction Value | Balance Outstanding as on 31-03-2010 |
| Purchases of goods | – CIL | –<br>(0.05) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>(0.05) | –<br>– |
| | – ABML | 1.68<br>(9.09) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 1.68<br>(9.09) | –<br>– |
| | – Chloride Metals | 266.03<br>(175.46) | 0.72<br>(2.08) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 266.03<br>(175.46) | 0.72<br>(2.08) |
| | – Leadage Alloys | 603.12<br>(433.59) | 2.68<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 603.12<br>(433.59) | 2.68<br>– |
| | – C B S E A | 0.01<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.01<br>– | –<br>– |
| | – Caldyne | 1.07<br>(0.98) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 1.07<br>(0.98) | –<br>– |
| | **– Total** | **871.91**<br>**(619.17)** | **3.40**<br>**(2.08)** | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | **871.91**<br>**(619.17)** | **3.40**<br>**(2.08)** |
| Sale of goods | – CBSEA | 41.64<br>(50.76) | 8.43<br>(8.18) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 41.64<br>(50.76) | 8.43<br>(8.18) |
| | – Caldyne | 18.59<br>(12.17) | 5.32<br>(3.32) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 18.59<br>(12.17) | 5.32<br>(3.32) |
| | – Espex | 19.00<br>(19.34) | 11.77<br>(6.99) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 19.00<br>(19.34) | 11.77<br>(6.99) |
| | – Chloride Metals | 80.37<br>(52.36) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 80.37<br>(52.36) | –<br>– |
| | – Leadage Alloys | 79.11<br>(75.94) | –<br>(1.97) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 79.11<br>(75.94) | –<br>(1.97) |
| | – CIL | 7.52<br>(1.13) | –<br>(0.12) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 7.52<br>(1.13) | –<br>(0.12) |
| | **– Total** | **246.23**<br>**(211.70)** | **25.52**<br>**(20.58)** | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | **246.23**<br>**(211.70)** | **25.52**<br>**(20.58)** |

## 24. NOTES TO ACCOUNTS (Contd.)

ii) Details of transactions entered into with the related parties:

(Rs. in Crores.)

| | Subsidiaries | | Associate Companies | | Enterprise/Individuals having direct or indirect control | | Key Management Personnel | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Transaction Value | Balance Outstanding as on 31-03-2010 |
| Cost of management: services recovered – CIL | 0.04<br>(0.04) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.04<br>(0.04) | –<br>– |
| Sale of Assets – Chloride Metals | –<br>(0.02) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>(0.02) | –<br>– |
| **– Total** | **–<br>(0.02)** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>(0.02)** | **–<br>–** |
| Rent and Maintenance Costs – CIL | 0.22<br>(0.21) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.22<br>(0.21) | –<br>– |
| Employee Welfare Expenses – IVL | –<br>– | –<br>– | 0.36<br>(0.32) | –<br>– | –<br>– | –<br>– | –<br>– | 0.36<br>(0.32) | –<br>– |
| Rights Issue of Shares – IVL | –<br>– | –<br>– | 93.74<br>(62.50) | –<br>– | –<br>– | –<br>– | –<br>– | 93.74<br>(62.50) | –<br>– |
| Dividend Income – CIL | 0.09<br>– | 0.09<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.09<br>– | 0.09<br>– |
| – ABML | 0.83<br>(1.04) | 0.60<br>(0.43) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.83<br>(1.04) | 0.60<br>(0.43) |
| – Leadage Alloys | 2.39<br>– | 2.39<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 2.39<br>– | 2.39<br>– |
| – Chloride Metals | 1.34<br>– | 1.34<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 1.34<br>– | 1.34<br>– |
| – Espex | 0.03<br>(0.09) | 0.03<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.03<br>(0.09) | 0.03<br>– |
| – Caldyne | 0.30<br>(0.20) | 0.30<br>(0.20) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.30<br>(0.20) | 0.30<br>(0.20) |
| **– Total** | **4.98<br>(1.33)** | **4.75<br>(0.63)** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>–** | **–<br>–** | **4.98<br>(1.33)** | **4.75<br>(0.63)** |
| Technical Assistance Expenses – CEIL | –<br>– | –<br>– | –<br>– | –<br>– | 0.08<br>(0.09) | 0.04<br>(0.04) | –<br>– | 0.08<br>(0.09) | 0.04<br>(0.04) |
| Technical Assistance Income – ABML | 0.32<br>(0.30) | 0.08<br>(0.09) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.32<br>(0.30) | 0.08<br>(0.09) |
| Loans Given – ESPEX | –<br>– | 0.07<br>(0.07) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.07<br>(0.07) |
| – CEIL Motive Power | –<br>– | –<br>– | –<br>– | –<br>(2.58) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>(2.58) |
| Interest Costs – ESPEX | 0.01<br>(0.01) | 0.01<br>(0.01) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.01<br>(0.01) | 0.01<br>(0.01) |
| – CEIL Motive Power | –<br>– | –<br>– | –<br>(0.12) | –<br>(0.12) | –<br>– | –<br>– | –<br>– | –<br>(0.12) | –<br>(0.12) |
| Interest Income – ESPEX | 0.01<br>(0.01) | –<br>(0.01) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.01<br>(0.01) | –<br>(0.01) |
| – CEIL Motive Power | –<br>– | –<br>– | –<br>(0.20) | –<br>(0.34) | –<br>– | –<br>– | –<br>– | –<br>(0.20) | –<br>(0.34) |
| Remuneration to Directors | – | – | – | – | – | – | 6.37* | 6.37 | 3.31 |
| (Refer note no. II of Schedule 25) | – | – | – | – | – | – | (5.70) | (5.70) | (2.87) |
| to Others | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 0.56<br>(0.28) | 0.56<br>(0.28) | –<br>– |
| Total | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | 6.93<br>(5.98) | 6.93<br>(5.98) | 3.31<br>(2.87) |

Note: (1) Dividend amounting to Rs. 31.28 crs (Rs. 31.28 crs) was paid for the year 2008-09 and Interim Dividend 2009-10 to Chloride Eastern Limited, UK.

* Details furnished in Corporate Governance Report.

24. NOTES TO ACCOUNTS (Contd.)

**IV. SIGNIFICANT ACCOUNTING POLICIES**

a. **Basis of Accounting**

The Company prepares its accounts under the Historical Cost Convention modified by revaluation of fixed assets. The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. For recognition of Income and expenses, Mercantile System of Accounting is followed. The accounting policies applied by the Company, are consistent with those used in the previous year.

b. **Revenue Recognition**

Sale of Goods

Revenue from sale of goods including manufactured products is recognised upon passage of title to the customers, which generally coincides with delivery.

Customs Duty benefits in the form of advance license entitlements are recognised on export of goods, and are set off from material costs.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividends

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. However, Dividend from subsidiaries is recognised even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet, as per the requirement of schedule VI of the Companies Act, 1956.

c. **Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning expenses etc upto the date the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserve.

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'Value in use'. The estimated future cash flows are discounted to their present value at the weighted average cost of capital.

d. **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long-Term investments. Current Quoted Investments are stated at lower of cost or market rate on individual investment basis. Long Term Investments are considered at cost, unless there is other than temporary decline in value thereof, in which case adequate provision is made for diminution in the value of investments. Investments in foreign companies are carried at exchange rates prevailing on the date of their acquisition.

e. **Depreciation**

i) The classification of plant & machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

ii) a) Depreciation is provided on straight-line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except for the assets shown in (b) below. Further, in respect of certain assets whose residual economic life, as determined by the approved valuer, is less than the residual life as per the books, depreciation is provided at the adjusted higher rates so that the value thereof is written off over the economic life determined by the valuer.

b) Based upon their respective useful economic life, depreciation on the following assets is provided at a rate higher than those specified in Schedule - XIV of the Companies Act 1956:

| Class of assets | Useful economic Life | Rate of Depreciation |
|---|---|---|
| Air conditioners, Refrigerators, Washing Machines, Water Coolers, Televisions (included in Furniture & Fittings) | 6 | 15.83% |
| Motor Vehicles | 6 | 15.83% |
| Computer Hardware | 4 | 24.50% |
| Weighing Scales, & Transformers | 15 | 6.53% |
| Pallet Trucks | 10 | 9.80% |

c) The Company has estimated the residual value of Plant & Machinery, moulds and computers to be 2% of the cost as against 5% specified in Section 205 (2)(c) of the Companies Act, 1956. Accordingly, 98% of the value of fixed assets is being depreciated in the accounts.

d) Acquired Goodwill is written off over a period of five years.

iii. Depreciation includes amount written off in respect of leasehold properties over the respective lease period.

iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.

v. In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

f. **Intangible Assets**

**Research and Development Costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

24. NOTES TO ACCOUNTS (Contd.)

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

g. **Leases:**

i) **Finance lease:**

In order to comply with Accounting Standard – 19 Notified by the Companies Accounting Standard Rules, 2006

a ) Assets given under a finance lease are recognized as receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest as per the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal charges, brokerage etc are recognized immediately in the Profit & Loss Account.

b) Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leased assets capitalised are depreciated over the shorter of the estimated useful life of the asset or the lease term.

ii) **Operating leases:**

a) Assets acquired under Operating Leases represent assets where the lessor effectively retains substantially all the risks and benefits of their ownership. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

b) Assets given under operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account.

h. **Foreign Currency Transactions**

i) **Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) **Exchange Differences**

Exchange differences arising on the settlement / conversion of monetary items, are recognised as income or expenses in the year in which they arise.

iv) **Forward Exchange Contracts**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

i. **Inventories**

i) Raw materials, components, stores and spares are valued at Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

ii) Work-in-progress and finished goods are valued at Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

j. **Borrowing Costs**

Borrowing costs attributable to the acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets, upto the date when such assets are ready for their intended use. Other borrowing costs are charged to Profit and Loss Account.

k. **Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto, are charged to the Profit and Loss Account. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

l. **Excise Duty**

Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date.

24. NOTES TO ACCOUNTS (Contd.)

m. **Retirement and other employee benefits**

i) Retirement Benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

ii) Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

iii) Long term compensated absences are provided for based on an actuarial valuation made at the end of each financial year.

iv) Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account.

v) Pension liability is split into a defined benefit portion and a defined contribution portion as indicated in note no. 'r'. The contributions towards defined contribution are charged to the Profit and Loss account of the year when the contribution becomes due. The Defined benefit portion is provided for on the basis of an actuarial valuation made at the end of each financial year.

vi) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n. **Product Related Warranty/Guarantee Claims**

Provision for product related warranty/guarantee costs is based on the claims received upto the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

o. **Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of the deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

p. **Earning 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. **Provision**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of AccountingStandard-29, are not discounted to its present value and are determined based on the management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

r. **Segment reporting**

Based on the synergies risks and returns associated with business operations and in terms of Accounting Standard – 17, the Company is predominantly engaged in a single reportable segment of Lead Acid Storage Batteries during the year. The analysis of geographical segments is based on the areas in which customers of the Company are located.

**Contingent Liabilities**

No provision is made for liabilities, which are contingent in nature, but if material, these are disclosed by way of notes.

V. **STATISTICAL DATA**

a. **CAPACITIES, PRODUCTION & STOCKS**

| | Unit | Installed Capacity | | Actual Production | |
|---|---|---|---|---|---|
| | | **2009-2010** | **2008-2009** | **2009-2010** | **2008-2009** |
| Storage Batteries | Nos. | 24,235,970 | 22,660,003 | 21,689,011 | 19,462,909 |

Notes: Licensed capacity since not required to be given, is not furnished.
Installed capacity has been estimated by the Management.

24. NOTES TO ACCOUNTS (Contd.)

m. **Retirement and other employee benefits**

i) Retirement Benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

ii) Gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

iii) Long term compensated absences are provided for based on an actuarial valuation made at the end of each financial year.

iv) Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account.

v) Pension liability is split into a defined benefit portion and a defined contribution portion as indicated in note no. 'r'. The contributions towards defined contribution are charged to the Profit and Loss account of the year when the contribution becomes due. The Defined benefit portion is provided for on the basis of an actuarial valuation made at the end of each financial year.

vi) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

n. **Product Related Warranty/Guarantee Claims**

Provision for product related warranty/guarantee costs is based on the claims received upto the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

o. **Taxation**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of the deferred tax assets to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

p. **Earning 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. **Provision**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of AccountingStandard-29, are not discounted to its present value and are determined based on the management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

r. **Segment reporting**

Based on the synergies risks and returns associated with business operations and in terms of Accounting Standard – 17, the Company is predominantly engaged in a single reportable segment of Lead Acid Storage Batteries during the year. The analysis of geographical segments is based on the areas in which customers of the Company are located.

**Contingent Liabilities**

No provision is made for liabilities, which are contingent in nature, but if material, these are disclosed by way of notes.

V. **STATISTICAL DATA**

a. **CAPACITIES, PRODUCTION & STOCKS**

| | Unit | Installed Capacity | | Actual Production | |
|---|---|---|---|---|---|
| | | **2009-2010** | **2008-2009** | **2009-2010** | **2008-2009** |
| Storage Batteries | Nos. | 24,235,970 | 22,660,003 | 21,689,011 | 19,462,909 |

Notes: Licensed capacity since not required to be given, is not furnished.
Installed capacity has been estimated by the Management.

24. NOTES TO ACCOUNTS (Contd.)

b. **STOCK OF FINISHED GOODS**

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| | Quantity Nos. | Value Rs.in Crores | Quantity Nos. | Value Rs.in Crores |
| Storage Batteries | | | | |
| : Opening Stock | 1,053,536 | 161.60 | 699,574 | 175.90 |
| : Closing Stock | 843,518 | 176.45 | 1,053,536 | 161.60 |

c. **SALE OF FINISHED GOODS**

| | 2009 - 2010 | | | 2008 - 2009 | | |
|---|---|---|---|---|---|---|
| | Quantity | | Value | Quantity | | Value |
| | Nos. | Mah* | Rs. in Crores | Nos. | Mah | Rs. in Crores |
| Storage Batteries | 21,899,029 | 3,949 | 4,532.00 | 19,108,947 | 3,475 | 4,215.45 |
| * Mah denotes Million Ampere Hours | | | | | | |
| Trading Items | 54,506 | – | 9.60 | 85,045 | – | 17.82 |

d. **TRADING ITEMS**

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| | Quantity Nos. | Value Rs. in Crores | Quantity Nos. | Value Rs. in Crores |
| Storage Batteries | | | | |
| : Opening Stock | 16,733 | 2.77 | 21,441 | 3.52 |
| : Purchase | 59,424 | 6.04 | 80,337 | 12.21 |
| : Closing Stock | 21,651 | 2.62 | 16,733 | 2.77 |

e. **Consumption of Raw Materials and components**

| | | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|---|
| | | Quantity | Value Rs. in Crores | Quantity | Value Rs. in Crores |
| Lead and Lead Alloy | Tonnes | 174,519 | 1,753.86 | 154,908 | 1,722.18 |
| Others | | | 470.10 | | 488.02 |
| | | | 2,223.96 | | 2,210.20 |

f. **Value of Raw Materials consumed :**

| | Percentage | Value Rs. in Crores | Percentage | Value Rs. in Crores |
|---|---|---|---|---|
| Imported | 25.3 | 562.32 | 28.7 | 633.72 |
| Indigenous | 74.7 | 1,661.64 | 71.3 | 1,576.48 |
| | 100.0 | 2,223.96 | 100.0 | 2,210.20 |

g. **Value of Stores and Spares consumed :** (excluding amounts charged to other heads)

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| | Percentage | Value Rs.in Crores | Percentage | Value Rs.in Crores |
| Imported | 13.5 | 5.45 | 14.4 | 4.92 |
| Indigenous | 86.5 | 34.98 | 85.6 | 29.24 |
| | 100.0 | 40.43 | 100.0 | 34.16 |

24. NOTES TO ACCOUNTS (Contd.)

| | Rs. in Crores | Rs.in Crores |
|---|---|---|
| **h. Value of Imports (C.I.F. basis)** | | |
| Raw Materials and Components | 515.00 | 618.00 |
| Trading Items | 6.25 | 10.19 |
| Spare Parts | 8.82 | 7.77 |
| Capital Goods | 25.34 | 82.58 |
| | 555.41 | 718.54 |
| **i. Income & Expenditure in Foreign Currency** | | |
| Income (on accrual basis) | | |
| – Export (f.o.b. value) | 107.56 | 120.05 |
| – Dividend | 0.86 | 1.13 |
| – Interest | – | 0.21 |
| – Technical Assistance Fee | 0.32 | 0.30 |
| Expenditure (on actual remittance basis) | | |
| – Royalty | 3.75 | 3.56 |
| – Technical Assistance Fee | 0.30 | 0.18 |
| – Others | 5.56 | 5.67 |
| **j. Remittance in foreign currencies on account of Dividends to non-resident shareholders** | | |
| (i) Number of Shareholders | 1 | 1 |
| (ii) Number of Shares held | 390,954,666 | 390,954,666 |
| (iii) Net amount of dividend remitted (Rs. in crores) | 31.28 | 31.28 |
| (iv) Amount remitted for | 2008-09 and 2009-10 (interim) | 2007-08 2008-09 (interim) |

The above information include particulars in respect of certain non-resident shareholders for whom dividend warrants were sent to the shareholders' banks in India, with prior approval of the Reserve Bank of India.

VI. Figures in brackets relate to previous year and the same have been regrouped/rearranged where necessary.

Signatures to Schedules 1 to 24
As per our report of even date.

S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
*Chartered Accountants*

Per R. K. Agrawal
*Partner*
Membership No. 16667
Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R B Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# INFORMATION REGARDING SUBSIDIARY COMPANIES

## PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| Name of Subsidiary Companies | Holding Company's interest | Net Aggregate amount of Subsidiary Company's profit not dealt with in the Company's Account | | Net Aggregate amount of Subsidiary Company's profit dealt with in the Company's Account | |
|---|---|---|---|---|---|
| | | For the Subsidiary Company's Financial period ended 31.03.2010 | For the Subsidiary Company's Financial previous years | For the Subsidiary Company's Financial period ended 31.03.2010 | For the Subsidiary Company's Financial previous years |
| Chloride International Limited | Holder of entire issued Share Capital of 4,50,000 Equity Shares of Rs. 10/ each | * Rs. 1,311,166 | * Rs. 50,851,640 | * Rs. 900,000 | * Rs. 53,504,218 |
| Caldyne Automatics Limited | Holder of entire issued Share Capital of 1,980,000 Equity Shares of Rs. 10/- each | * Rs. 6,655,649 | * Rs. 5,478,810 | * Rs. 2,970,000 | * Rs. 5,225,400 |
| Chloride Metals Limited | Holder of entire issued Share Capital of 5,346,100 Equity Shares of Rs. 10/- each | * Rs. 83,763,187 | * Rs. 98,109,388 | * Rs. 13,365,250 | * Nil |
| Leadage Alloys India Limited | Holder of 2,386,800 Equity Shares out of Issued Share Capital of 4,680,000 Equity Shares of Rs. 10/- each | * Rs. 151,680,848 | * Rs. 73,562,823 | * Rs. 23,868,000 | * Nil |
| Chloride Batteries S.E. Asia Pte Limited | Holder of entire issued Shares Capital of 7,000,000 Ordinary Shares | ** SS 1,163,834 | ** (SS575,131) | ** S$ Nil | ** SS Nil |
| Espex Batteries Limited | Holder of 102,000 Ordinary Shares out of issued Share Capital of 200,004 Ordinary Shares of GBP 1 each | *** GBP 12,370 | *** GBP 27,868 | *** GBP 5,100 | *** GBP Nil |
| Associated Battery Manufacturers (Ceylon) Limited | Holder of 3,896,640 Ordinary Shares out of issued Share Capital of 6,336,000 Ordinary Shares of Sri Lankan Rp10 each | ****SLR 38,932,744 | ****SLR 141,861,402 | **** SLR 23,379,840 | ****SLR 84,870,720 |

* In Indian rupee
** In Singapore dollars
*** IN GBP
**** In Sri Lankan Rupee

**Notes**:

(i) On 31 March 2010, all the 4,50,000 Equity Shares issued by Chloride International Limited were held by Exide Industries Limited and its nominees. All these shares were acquired by Exide Industries Limited from Chloride Eastern Limited of which it was a Subsidiary.

(ii) On 31 March 2010, of the 1,980,000 Equity Shares issued by Caldyne Automatics Limited were held by Exide Industries Limited and its nominees.Out of of this 91,800 sharess were acquired effective 12 July, 1999 and another 88,200 Shares were acquired effective 25 July 2007. Balance 1,800,000 shares were issued as "bonus shares" effective 14 July, 2008.

(iii) On 31 March 2010, all the 5,346,100 Equity Shares issued by Chloride Metals Limited were held by Exide Industries Limited and its nominees. Out of this, 2,401,100 Shares were acquired effective 1 November, 2007 and balance 2,945,000 equity shares were acquired effective 31 March, 2008.

(iv) On 31 March 2010, of the 4,680,000 Equity Shares issued by Leadage Alloys India Limited, 2,386,800 Equity Shares were held by Exide Industries Limited and its nominees. All these shares were acquired effective 1 April, 2008.

(v) On 31 March 2010, all the 7,000,000 Ordinary Shares issued by Chloride Batteries S.E. Asia Pte Limited were held by Exide Industries Limited. All these shares were acquired effective 12 February, 2001.

(vi) On 31 March 2010, of the 200,004 Ordinary Shares issued by Espex Batteries Limited, 102,000 Ordinary Shares were held by Exide Industries Limited. All these shares were acquired effective 1 May, 2003.

(vii) On 31 March 2010, of the 6,336,000 Ordinary Shares issued by Associated Battery Manufacturers (Ceylon) Limited, 3,896,640 Ordinary Shares were held by Exide Industries Limited. Out of this 3,104,640 shares were acquired effective 11 January, 2001 and balance 792,000 Ordinary Shares were acquired effective 9 August, 2004.

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
Directors

S. Coomer
Secretary

Mumbai, 28 April, 2010

## EXIDE INDUSTRIES LIMITED

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**[AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956]**

| | | |
|---|---|---|
| **I.** | **REGISTRATION DETAILS** | |
| | Registration No. | 14919 |
| | State Code | 21 |
| | Balance Sheet Date | 31.03.10 |
| **II.** | **CAPITAL RAISED DURING THE YEAR** (Amount in Rs. crs.) | |
| | Public Issue | NIL |
| | Rights Issue | NIL |
| | Private Placement of Equity Shares (including premium) | 539.50 |
| | Bonus Issue | NIL |
| **III.** | **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS** (Amount in Rs. crs.) | |
| | Total Liabilities | 2961.63 |
| | Total Assets | 2961.63 |
| | **SOURCES OF FUNDS** | |
| | Paid up Capital | 85.00 |
| | Reserves & Surplus | 2134.77 |
| | Secured Loans | 0.17 |
| | Unsecured Loans | 89.82 |
| | Deferred Tax Liability | 59.00 |
| | **APPLICATION OF FUNDS** | |
| | Net Fixed Assets | 714.44 |
| | Investments | 1335.37 |
| | Net Current Assets | 318.95 |
| | Misc. Expenditure | NIL |
| | Accumulated Losses | NIL |
| **IV.** | **PERFORMANCE OF THE COMPANY** (Amount in Rs. crs.) | |
| | Turnover including other income | 3806.11 |
| | Total Expenditure | 2995.52 |
| | Profit Before Tax | 810.59 |
| | Earnings per share (Rs.) (Basic and diluted) | 6.69 |
| | Dividend rate (%) | 100 |
| **V.** | **GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY ITEM CODE (ITC CODE)** | |
| | Lead Acid Storage Batteries used for Starting Piston Engines | 8507.10 |
| | Other Lead Acid Accumulators | 8507.20 |

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
Directors

S. Coomer
Secretary

Mumbai, 28 April, 2010

# SUBSIDIARY COMPANIES

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# CHLORIDE INTERNATIONAL LIMITED

## DIRECTORS

T. V. Ramanathan, Chairman

P. K. Kataky

Bhaskar Gupta

## CHIEF OPERATING OFFICER

Arun Mittal

## REGISTERED OFFICE

EXIDE HOUSE
59E Chowringhee Road
Kolkata 700 020

## BANKER

Yes Bank Limited

## AUDITORS

Surendra Didwania & Co.
Chartered Accountants
19 Synagogue Street
City Centre, 3rd Floor
Kolkata - 700 001

# DIRECTORS' REPORT

**To the Members of Chloride International Limited**

Your Directors are pleased to present the 63rd Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

| | 2009-10 Rupees | 2008-09 Rupees |
|---|---|---|
| Working for the year resulted in a net surplus of | 37,39,121 | 1,06,180 |
| Add: Balance brought forward from last year | 8,71,640 | 7,89,445 |
| Making a total of | 46,10,761 | 8,95,625 |
| Out of this, provision has been made for taxation | 13,75,000 | 23,985 |
| Less: Transfer to General Reserve | 5,20,000 | – |
| Less: Proposed Dividend | 9,00,000 | – |
| Less: Tax on Dividend | 1,52,955 | – |
| Leaving a balance of (Which is carried forward to next year) | 16,62,806 | 8,71,640 |

## Operations

Your Directors are pleased to announce that your Company has achieved a turnover of Rs.1263 lakhs representing a growth of 224% over the previous year. Similarly, Profit before Tax at Rs.37.39 lakhs recorded a substantial increase compared to the previous year. This improved performance was due to better product mix, stringent quality control and restructuring of the distribution network including appointment of distributors in unrepresented areas to increase market reach.

Your Company operates in two sectors, namely renewable energy products and Home UPS products. In the renewable energy sector the Company is marketing and selling solar lighting and heating systems for domestic as well as commercial applications, including telecom and railways. In the home UPS segment, invertors based on advanced technology under 'CHLORIDE' brand has been launched. The Company is also exploring possibilities of introducing high end invertors with new generation storage power solutions.

## Dividend

After considering the resource requirements for future expansion, your Directors are pleased to recommend a dividend of 20%, i.e., Rs. 2/- per equity share of the face value of Rs. 10/- each.

## Fixed Deposits

Your Company has not accepted any deposits from the public.

## Directors

Mr P. K. Kataky retires by rotation and, being eligible, offers himself for re-appointment.

None of the Directors of your Company are disqualified for being appointed as Directors, pursuant to Section 274(1)(g) of the Companies Act, 1956.

## Auditors

The Auditors, Messrs Surendra Didwania & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 224(1B) of the Companies Act, 1956, offer themselves for re-appointment.

Information under Section 217(1)(e) of the Companies Act, 1956

i) Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to disclosure of information regarding Conservation of Energy, Technology Absorption and Research & Development is not applicable since the Company neither has any separate / individual commercial establishment or manufacturing facility nor is required to carry-out any Research and Development activities presently.

ii) Activities relating to exports, initiatives taken to increase exports, development of new export markets of products and services and export plans:

The Company would try and develop an export market after catering sufficiently to the domestic market.

iii) Total Foreign Exchange used and earned:
Used : Rs. Nil
Earned : Rs. Nil

**Employees**

Your Company has no employee of the category required to be listed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, during the period under review.

**Directors' Responsibility Statement Pursuant to Section 217(2AA) of the Companies Act, 1956**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

iii. That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. That the Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Place : Kolkata
Date : 21 April, 2010

T V Ramanathan
Chairman

## CHLORIDE INTERNATIONAL LIMITED

To
The Members
CHLORIDE INTERNATIONAL LIMITED
Exide House
59E Chowringhee Road
Kolkata - 700 020

We have examined the registers, records, books and papers of **CHLORIDE INTERNATIONAL LIMITED** (the Company)as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' with the Registrar of Companies.
3. The Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met four times respectively on 17.04.2009,15.07.2009, 03.11.2009 and 25.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31.3.2009 was held on 15.06.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government, as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. (i) There was no allotment/ transfer/ transmission of securities during the financial year.
    (ii) The Company has not deposited any amount in a separate account as no dividend was declared during the financial year.
    (iii) The Company has not posted warrants to any member as no dividend was declared during the financial year.
    (iv) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors,alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/WholeTime Director during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government,

Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any share during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year ending 31.3.2010 are within the borrowing limits of the Company as confirmed by the Management.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company's during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has deposited both employees and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For Sushil Tiwari & Associates
Company Secretaries

Place :Kolkata
Dated: 19.04.2010

Sushil Tiwari
Proprietor

## ANNEXURE A

### Registers as maintained by the Company

1. Register of members under Section 150.
2. Register of Transfers.
3. Register of Directors under Section 303.
4. Register of Directors' Shareholding under Section 307.
5. Register under Section 301.
6. Register of Investment / Loans under Section 372A.
7. Books of Accounts under Section 209.
8. Minutes Books of the Board Meetings and General Meetings under Section 193.
9. Register and Returns under Section 163.

### Forms / Returns filed with the ROC

1. Audited Accounts (Forms 23AC+23ACA) for the year ended 31.3.2009 u/s 220 was filed on 04.07.2009.
2. Annual Returns u/s 159 (Form 20B) for the AGM held on 15.06.2009 was filed on 14.08.2009.
3. Secretarial Compliance Certificate (Form 66) for the year ended 31.03.2009 u/s 383A(1) was filed on 04.07.2009.

# AUDITOR'S REPORT

## TO THE MEMBERS OF CHLORIDE INTERNATIONAL LIMITED

We have examined the attached Balance Sheet of **Chloride International Limited** as at 31st March, 2010 and the Profit & Loss Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose as Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

a) We have obtained all the information and explanation 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 appears from examination of the books;

c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;

d) In our opinion the attached balance sheet and the profit & loss account Comply with the Accounting Standard referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

e) On the basis of written representation received from Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Subject to the above and read together with the significant Accounting Policies stated in Schedule "16" in our opinion and to the best of our knowledge and belief, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a fair and true view in conformity with the accounting principles generally accepted in India;

i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

ii) In the case of the Profit & Loss Account, of the profit of the company for the year ended on that date; and

iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Surendra Didwania & Co.
Chartered Accountants

S. K. Didwania
Proprietor
Membership No. 56954

Kolkata
Date: 21st day of April, 2010

# ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in the 3rd paragraph of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. As informed to us no serious discrepancy was noticed on such verification during the year.
3. None of the major assets has been disposed off during the year.
4. The stock of Finished Goods, spares and components has been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
5. The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
6. The Company has not taken any loan from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
7. The Company has not given unsecured loans to parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. There is an adequate internal control procedure commensurate with the present size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
9. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
10. The Company has not accepted any deposit from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956. Hence the relevant provisions are not applicable to the company.
11. Internal Audit at the year end was conducted by the internal audit department of the holding company, which in our opinion is commensurate with the nature and size of the Company.
12. The Central Government has not prescribed any Cost Audit under Section 209 (1) (d) of the Companies Act.
13. The Company has been regular in depositing undisputed statutory dues including provident fund and employees' state insurance, income tax, sales tax, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities.
14. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amount payable in respect of income tax, sales tax, custom duty, excise duty and service tax as at 31st March, 2010 which were outstanding for a period of more than six months from the date they became payable.
15. According to the records of the Company, the following amounts in respect of sales tax being disputed have not been deposited;

| Nature of Demand | Nature of Dues | Amount of Demand | Amount Deposited | Forum where appeal filed |
|---|---|---|---|---|
| Andhra Pradesh Sales Tax | Due to disallowance of Forms submitted | Rs. 19,83,325/- | Rs. Nil | Sales Tax Appellate Authority of Hyderabad |

16. The Company does not have any accumulated losses and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
17. The Company has not defaulted in repayment of dues to the Banks. The Company has not taken any loan from Financial Institutions. The Company has not issued any Debentures.
18. The Company has not used the funds raised on short term basis for long-term investments.
19. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
20. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
21. Based on the 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 course of our audit.

For Surendra Didwania & Co.
Chartered Accountants

S. K. Didwania
Proprietor
Membership No. 56954

Kolkata
Date: 21st day of April, 2010

# BALANCE SHEET

**AS AT 31st MARCH 2010**

| | SCHEDULE | 31.3.2010 Rs. | 31.3.2010 Rs. | 31.3.2009 Rs. | 31.3.2009 Rs. |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 45,00,000 | | 45,00,000 | |
| Reserves & Surplus | 2 | 52,162,806 | | 50,851,640 | |
| | | | 56,662,806 | | 55,351,640 |
| Secured Loans | 3 | | – | | 118,406 |
| | | | 56,662,806 | | 55,470,046 |
| **APPLICATION OF FUNDS** | | | | | |
| Fixed Assets | 4 | | | | |
| Gross Block | | 26,634,596 | | 26,634,596 | |
| Less: Depreciation | | 2,697,649 | | 2,263,504 | |
| Net Block | | | 23,936,947 | | 24,371,092 |
| Investments | 5 | | 11,000 | | 11,000 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | | 20,709,736 | | 9,074,091 | |
| Sundry Debtors | 6 | 15,955,439 | | 26,894,649 | |
| Cash and Bank Balances | 7 | 5,816,044 | | 111,625 | |
| Loans & Advances | 8 | 1,466,651 | | 1,189,381 | |
| | | 43,947,870 | | 37,269,746 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Liabilities | 9 | 10,180,056 | | 6,181,792 | |
| Provisions | 10 | 1,052,955 | | – | |
| | | 11,233,011 | | 6,181,792 | |
| Net Current Assets | | | 32,714,859 | | 31,087,954 |
| | | | 56,662,806 | | 55,470,046 |
| Notes on Accounts | 16 | | | | |

Schedules 1 to 10 and 16 referred to above form an integral part of the Balance Sheet.

In terms of our attached report of even date.

Surendra Didwania & Co.
*Chartered Accountants*
S.K. Didwania
*Proprietor*
Membership No. 56954
Kolkata, 21 April, 2010

T. V. Ramanathan
Bhaskar Gupta
*Directors*

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

| | SCHEDULE | 2009-2010 Rs. | 2009-2010 Rs. | 2008-2009 Rs. | 2008-2009 Rs. |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Gross Sales | 11 | 126,308,131 | | 38,958,860 | |
| Less: Sales Tax, Value Added Tax | | 6,082,593 | 120,225,538 | 2,352,460 | 36,606,400 |
| Other Income | 12 | | 2,220,000 | | 2,100,000 |
| | | | 122,445,538 | | 38,706,400 |
| **EXPENDITURE** | | | | | |
| Materials | 13 | | 113,517,265 | | 31,924,800 |
| Expenses | 14 | | 4,755,007 | | 6,241,275 |
| Depreciation | | | 434,145 | | 434,145 |
| | | | 118,706,417 | | 38,600,220 |
| **PROFIT BEFORE TAXATION** | | | 3,739,121 | | 106,180 |
| Taxation | 15 | | 1,375,000 | | 23,985 |
| **PROFIT AFTER TAXATION** | | | 2,364,121 | | 82,195 |
| Balance brought forward | | | 871,640 | | 789,445 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | 3,235,761 | | 871,640 |
| **APPROPRIATIONS** | | | | | |
| Transfer to General Reserve | | | 520,000 | | – |
| Proposed Dividend | | | 900,000 | | – |
| Tax on Proposed Dividend | | | 152,955 | | – |
| Balance Carried Forward | | | 1,662,806 | | 871,640 |
| | | | 3,235,761 | | 871,640 |
| Earning per share - Basic & Diluted - | | | 5.25 | | 0.20 |
| Notes on Accounts | 16 | | | | |

Schedules 11 to 16 referred to above form an integral part of the Profit and Loss Account.

In terms of our attached report of even date.

Surendra Didwania & Co.
*Chartered Accountants*
S.K. Didwania
*Proprietor*
Membership No. 56954
Kolkata, 21 April, 2010

T. V. Ramanathan
Bhaskar Gupta
*Directors*

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31 MARCH, 2010

| | | 12 Months ended 31st March 2010 | | 12 Months ended 31st March 2009 | |
|---|---|---|---|---|---|
| | | Rs. | Rs. | Rs. | Rs. |
| A | **Cash Flow from operating activities** | | | | |
| | **Net Profit / Loss before taxation and extra-ordinary items** | | 3,739,121 | | 106,180 |
| | Adjusted for : | | | | |
| | Depreciation | 434,145 | | 434,145 | |
| | (Profit) / Loss on sale of assets & investment | – | | – | |
| | Interest Income | – | | – | |
| | Rent Income | (2,220,000) | | (2,100,000) | |
| | Interest Expense | 175,930 | (1,609,925) | 1,448,179 | (217,676) |
| | **Operating profit before working capital change** | | 2,129,196 | | (111,496) |
| | Adjusted for: | | | | |
| | (Increase) / Decrease in Sundry Debtors | 10,911,494 | | 26,693,462 | |
| | (Increase) / Decrease in Inventories | (11,635,645) | | (3,170,005) | |
| | (Increase) / Decrease in Loans & Advances | – | | 47,564 | |
| | Increase / (Decrease) in Trade Payables | 3,998,264 | 3,274,113 | (19,068,628) | 4,502,393 |
| | **Cash generated from operation** | | 5,403,309 | | 4,390,897 |
| | Income Tax refund / (Paid) | | (1,282,244) | | 103,123 |
| | **Net Cash from operating activities** | | 4,121,065 | | 4,494,020 |
| B. | **Cash Flow from investing activities** | | | | |
| | Purchase of Fixed assets | – | | – | |
| | Proceeds from short term Advances | – | | – | |
| | Rent Received | 1,877,690 | | 1,624,140 | |
| | Interest & other investment income | – | 1,877,690 | – | 1,624,140 |
| C. | **Cash Flow from Financing activities** | | | | |
| | Proceeds from short term borrowings | (118,406) | | (4,144,181) | |
| | Dividend Paid | – | | (526,478) | |
| | Interest Paid | (175,930) | (294,336) | (1,448,179) | (6,118,838) |
| D. | **Net increase / (decrease) in cash & cash equivalent** | | 5,704,419 | | (678) |
| E. | **Cash & cash equivalent at the beginning** | | 111,625 | | 112,303 |
| F. | **Cash & cash equivalent at the closing** | | 5,816,044 | | 111,625 |

In terms of our attached report of even date.

Surendra Didwania & Co.
*Chartered Accountants*
S.K. Didwania
*Proprietor*
Membership No. 56954
Kolkata, 21 April, 2010

T. V. Ramanathan
Bhaskar Gupta
*Directors*

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT 31st MARCH 2010**

| | 31.03.2010 Rs. | 31.03.2010 Rs. | 31.03.2009 Rs. | 31.03.2009 Rs. |
|---|---|---|---|---|
| **1. SHARE CAPITAL** | | | | |
| Authorised | | | | |
| 1,000,000 (10,00,000) Equity Shares of Rs. 10 each | | 10,000,000 | | 10,000,000 |
| Issued, Subscribed and Fully Paid up* | | | | |
| *450,000 (450,000) Equity Shares of Rs. 10 each (All shares are held by Exide Industries Limited, the holding company and its nominees). | | 4,500,000 | | 4,500,000 |
| **2. RESERVES & SURPLUS** | | | | |
| General Reserve | | | | |
| Balance as per Last Account | 49,980,000 | | 49,980,000 | |
| Add: Transfer from Profit and Loss Account | 520,000 | | – | |
| | | 50,500,000 | | 49,980,000 |
| Profit and Loss Account Balance | | 1,662,806 | | 871,640 |
| | | 52,162,806 | | 50,851,640 |
| **3. SECURED LOAN** | | | | |
| Bank Overdraft | | – | | 118,406 |
| | | – | | 118,406 |

**4. FIXED ASSETS**

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2009 Rs. | Additions Rs. | Deductions Rs. | As at 31.03.2010 Rs. | As at 01.04.2009 Rs. | Depreciation/ Amortisation Rs. | Less on Sales/ Adjustments Rs. | As at 31.03.2010 Rs. | As at 31.03.2010 Rs. | As at 31.03.2009 Rs. |
| Buildings | 26,634,596 | – | – | 26,634,596 | 2,263,504 | 434,145 | – | 2,697,649 | 23,936,947 | 24,371,092 |
| | 26,634,596 | – | – | 26,634,596 | 2,263,504 | 434,145 | – | 2,697,649 | 23,936,947 | 24,371,092 |
| Previous Years Total | 26,634,596 | – | – | 26,634,596 | 1,829,359 | 434,145 | – | 2,263,504 | 24,371,092 | |

| | | | 31.3.2010 | | 31.3.2009 |
|---|---|---|---|---|---|
| | | Rs. | Rs. | Rs. | Rs |
| 5. INVESTMENTS (At Cost) | | | | | |
| LONG TERM - UNQUOTED | | | | | |
| Fully paid up Debentures | Nos. | Face Value Rs. | | Face Value Rs. | |
| Woodlands Hospital and Medical Research Centre Limited | | | | | |
| 1/2% Debentures | 25 | 100 | 2,500 | 100 | 2,500 |
| 5% Non-redeemable Registered Debentures | 1 | 6,500 | 6,500 | 6,500 | 6,500 |
| The Bengal Chamber of Commerce & Industry | | | | | |
| $6\frac{1}{2}$% Debentures | 2 | 1,000 | 2,000 | 1,000 | 2,000 |
| | | | 11,000 | | 11,000 |
| 6. SUNDRY DEBTORS | | | | | |
| (Unsecured, considered good) | | | | | |
| Debts over six months | | | 5,399,083 | | 22,355,654 |
| Other debts | | | 10,556,356 | | 4,538,995 |
| | | | 15,955,439 | | 26,894,649 |
| 7. CASH AND BANK BALANCES | | | | | |
| Balances with Scheduled banks | | | | | |
| On Current Account | | | 5,706,983 | | 1,833 |
| On Deposit Account | | | 75,639 | | 75,639 |
| Cash and Cheques in Hand | | | 33,422 | | 34,153 |
| | | | 5,816,044 | | 111,625 |
| 8. LOANS AND ADVANCES | | | | | |
| (Unsecured, Considered good) | | | | | |
| Advances recoverable in cash or kind or for value to be received or pending adjustments | | | 162,595 | | 162,595 |
| Advance payments of Tax (Net of provision) | | | 1,304,056 | | 1,026,786 |
| | | | 1,466,651 | | 1,189,381 |
| 9. LIABILITIES | | | | | |
| Sundry creditors | | | 9,702,066 | | 5,933,472 |
| Other Liabilities | | | 477,990 | | 248,320 |
| | | | 10,180,056 | | 6,181,792 |
| 10. PROVISIONS | | | | | |
| Proposed Dividend | | | 900,000 | | – |
| Tax on Proposed Dividend | | | 152,955 | | – |
| | | | 1,052,955 | | – |
| 11. SALES | | | | | |
| Solar Lanterns, Homelights & Modules | | | 126,308,131 | | 38,958,860 |
| | | | 126,308,131 | | 38,958,860 |
| 12. OTHER INCOME | | | | | |
| Rent and Hire Charges from the Holding Company | | | 2,220,000 | | 2,100,000 |
| | | | 2,220,000 | | 2,100,000 |
| 13. MATERIAL COSTS | | | | | |
| Opening Stock of Trading Goods | | | 9,074,091 | | 5,904,086 |
| Add: Purchase | | | 125,152,910 | | 35,094,805 |
| Less: Closing Stock of Trading Goods | | | 20,709,736 | | 9,074,091 |
| | | | 113,517,265 | | 31,924,800 |

| | 2009-10<br>Rs. | 2008-09<br>Rs. |
|---|---|---|
| **14. EXPENSES** | | |
| Salaries, Wages and related costs | 1,888,709 | 1,954,364 |
| Stores Consumed | – | 474 |
| Motor Vehicle Upkeep | – | 94,348 |
| Management Charges to the Holding Company | 360,000 | 360,000 |
| Interest | 175,930 | 1,448,179 |
| Auditors' Remuneration | | |
| Audit Fees | 50,000 | 50,000 |
| Other Capacities | 16,180 | 22,360 |
| Bank Charges | 12,516 | 62,718 |
| After sales service | – | 8,578 |
| Rates and Taxes | 1,620 | – |
| Freight & Forwarding | 229,071 | 132,340 |
| Testing Charges | 109,030 | 90,372 |
| Insurance | – | 12,079 |
| Professional Expenses | 846,890 | 772,010 |
| Travelling Expenses | 726,430 | 570,228 |
| Printing & Stationery | 36,912 | 467 |
| Communication costs | 68,247 | 68,020 |
| Sales Promotion Expenses | 229,386 | 587,889 |
| General Expenses | 4,086 | 6,849 |
| | 4,755,007 | 6,241,275 |
| **15. TAXATION** | | |
| Provision for Income Tax | 1,100,000 | (276,015) |
| Provision for Wealth Tax | 275,000 | 270,000 |
| Provision for Fringe Benefit Tax | – | 30,000 |
| | 1,375,000 | 23,985 |

**16. NOTES TO ACCOUNTS**

**16.1 CONTINGENCIES**

Contingent liabilities not provided for in respect of:

| | 2009-2010<br>Rs. lacs | 2008-2009<br>Rs. lacs |
|---|---|---|
| Income Tax and Sales Tax demands for earlier years not acknowledged as debts | 19.83 | 19.83 |

**16.2 BUSINESS SEGMENT**

As the Company's business activity falls within a single primary business segment, viz. "Solar Lanterns, Homelights and Modules", the disclosure requirements of Accounting Standard – 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

16.3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting
The Accounts of the Company are prepared under the Historical Cost Convention in accordance with the applicable accounting standards in India. For recognition of Income and expenses, Mercantile System of Accounting is followed, except where stated otherwise.

b) Revenue Recognition
Revenue from sale of goods are recognised upon passage of title to the customer which generally coincides with delivery.

c) Fixed Assets
Fixed Assets are stated at cost of acquisition inclusive of duties, taxes, incidental expenses, erection & commissioning expenses and interest etc. upto the date the asset is put to use.

d) Depreciation
1) Depreciation is provided on straight line method in terms of Section 205(2)(b) of the Companies Act, 1956 at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
2) Depreciation on Fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.

e) Investments
Current quoted investments are stated at lower of cost or market rate on individual investment basis. Unquoted and long term investments are considered at cost, unless there is a permanent decline in value thereof, in which case adequate provision is made for the diminution in the value of Investments.

f) Inventories
Inventories are valued at lower of cost or net realizable values.

g) Taxation
Provision for income-tax comprises of current tax and deferred tax charge or release. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being differences between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognized unless there is 'reasonable certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

h) Contingent Liabilities
No provision is made for liabilities which are contingent in nature, but if material, these are disclosed by way of notes.

16.4 Related party disclosures as per Accounting Standard – 18 are given below:
Name and description of relationship with the related parties:

| | | |
|---|---|---|
| a) | Holding Company | Exide Industries Limited |
| b) | Fellow Subsidiaries | Caldyne Automatics Limited<br>Chloride Metals Limited<br>Leadage Alloys India Limited<br>Expex Batteries Limited, UK<br>Associated Battery Manufacturers (Ceylon) Limited, Srilanka<br>Chloride Batteries, S.E. Asia Pte Limited, Singapore |
| c) | Key Management Personnel's & their relatives | Not Applicable |
| d) | Enterprises owned or significantly influenced by Key Management Personnel's & their relatives | Not Applicable |

**Details of transactions with related parties:**

| | Holding Companuy | | Fellow Subsidiary | | Key management Personnel & their relatives | | Enterprises owned or significantly influenced by Key Management Personnel & their relatives | |
|---|---|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding As on 31.03.2010 | Transaction Value | Balance Outstanding As on 31.03.2010 | Transaction Value | Balance Outstanding As on 31.03.2010 | Transaction Value | Balance Outstanding As on 31.03.2010 |
| 1. Sale of Materials | Nil<br>(5,18,545) | Nil<br>Nil | Nil<br>Nil | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |
| 2. Purchase of Materials | 7,52,30,262<br>(1,12,85,351) | Nil<br>(11,66,722) | (Nil)<br>(24,354) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |
| 3. Purchase of Fixed Assets | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |
| 4. Service Charges Paid | 3,60,000<br>(3,60,000) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |
| 5. Rent and Service Charges Received | 22,20,000<br>(21,00,000) | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |
| 6. Guarantees & Collaterals | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– | –<br>– |

16.5 Additional information pursuant to the provision of Paragraphs 3, 4C and 4D of Part II of Schedule VI of The Companies Act, 1956 has been disclosed to the extent applicable.

16.6 Previous year's figures have been regrouped/rearranged where necessary.

Signature of Schedules 1 to 16

In terms of our attached report of even date

Surendra Didwania & Co.
*Chartered Accountants*

S.K. Didwania
*Proprietor*
Membership No. 56954
Kolkata, 21 April, 2010

T. V. Ramanathan
Bhaskar Gupta
*Directors*

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS

**(AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956).**

| | | |
|---|---|---|
| I. | **REGISTRATION DETAILS** | |
| | Registration No. | 14918 |
| | State Code | 21 |
| | Balance Sheet Date | 31.03.10 |
| II. | **CAPITAL RAISED DURING THE YEAR** (Amount in Rs. lacs) | |
| | Public Issue | NIL |
| | Rights Issue (Including premium) | NIL |
| | Private Placement – Preference Shares | NIL |
| | Bonus Issue | NIL |
| III. | **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS** (Amount in Rs. lacs) | |
| | Total Liabilities | 678.96 |
| | Total Assets | 678.96 |
| | **SOURCES OF FUNDS** | |
| | Paid up Capital | 45.00 |
| | Reserves & Surplus | 521.63 |
| | Secured Loans | NIL |
| | Unsecured Loans | NIL |
| | Deferred Tax Liability | NIL |
| | **APPLICATION OF FUNDS** | |
| | Net Fixed Assets | 239.37 |
| | Investments | 0.11 |
| | Net Current Assets | 327.15 |
| | Misc. Expenditure | NIL |
| | Accumulated Losses | NIL |
| IV. | **PERFORMANCE OF THE COMPANY** (Amount in Rs. lacs) | |
| | Turnover including other income | 1224.46 |
| | Total Expenditure | 1187.06 |
| | Profit Before Tax | 37.39 |
| | Profit After Tax | 23.64 |
| | Earnings per share (Rs.) (Basic and diluted) | 5.25 |
| | Dividend rate (%) | 20 |
| V. | **GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY ITEM CODE (ITC CODE)** | |
| | Solar Lantern | 9405.50.40 |
| | Other Lead Acid Accumulators | 8507.20 |

T. V. Ramanathan
Bhaskar Gupta
*Directors*

Kolkata, 21 April, 2010

# CALDYNE AUTOMATICS LIMITED

## DIRECTORS

G. Chatterjee, Chairman

A. K. Mukherjee

Subir Chakraborty

## REGISTERED OFFICE

Plot No. Y-21, Block EP, Sector V
Salt Lake Electronics Complex
Bidhannagar, Kolkata 700 091

## BANKERS

ICICI Bank Limited

HDFC Bank Limited

## AUDITORS

Surendra Didwania & Co.
Chartered Accountants
19, Synagogue Street
City Centre, 3rd Floor
Kolkata 700 001

# DIRECTORS' REPORT

**TO THE MEMBERS OF CALDYNE AUTOMATICS LIMITED**

Ladies and Gentlemen,

Your Directors have pleasure in presenting their thirtieth Annual Report together with Audited Statements of Account of the Company for the year ended 31st March, 2010.

| Financial Results | Rs lakhs 2009-10 | Rs lakhs 2008-09 |
|---|---|---|
| Profit for the year before depreciation was | 170.09 | 54.29 |
| Less :Depreciation | 16.46 | 16.15 |
| Profit before tax | 153.63 | 38.14 |
| Less: Provision for taxation | 52.33 | 8.17 |
| Profit after tax | 101.30 | 29.97 |
| Add : Balance brought forward from previous year | 2.11 | 7.31 |
| Making a total of | 103.41 | 37.28 |
| Out of this, appropriations are : | | |
| Transfer to General Reserve | 12.32 | 12.00 |
| The Directors now recommend payment of dividend at Rs.15/- per share absorbing | 29.70 | 19.80 |
| Add tax thereon | 5.05 | 3.37 |
| And leaving a balance of (which is carried forward to next year) | 56.34 | 2.11 |

## Operations

During the year, your company's turnover grew by 18% to register a turnover of Rs. 3721.16 lakhs. Since September 2008 the effects of global economic melt down has been felt in the Indian economy in general, and the Indian infrastructure sector to which your company caters has also been affected. The effects of global slow down continued in the first half of the current year. Inspite of these macro economic adversities your company has been on a growth path.

The second half of the financial year witnessed a marked increase in prices of commodities such as copper and steel which constitute the major raw materials of DC power supply system. The power segment of the Indian infrastructure sector recovered in the second half of the financial year and your company rode the wave to register a four fold growth in the bottom line, inspite of severe pressures emanating from hike in commodity prices. This has been possible because of introduction of newer technologies such as micro controller based charger, digital battery health monitoring systems, and other innovative technologies which differentiated your company from its competitors. You may be pleased to note that during the year your company successfully executed 40% of the total order load of the first Ultra Mega Power Project at Mundhra. Your company has also received large orders from M/s. BGR Energy Systems for APGENCO-KTPS Project and TNEB-Mettur Projects which are under execution. The total order book of your company as on 31st March 2010 stands at a healthy Rs 3000 lakhs.

During the year your company switched over to an ERP platform. This has resulted in substantial efficiency increase in supply chain management and overall control and monitoring mechanism which is reflected in a healthy growth in the bottom line of the company. The installation of ERP has also resulted in improved working capital management with commensurate decrease in finance costs which also contributed to the bottom line. Your company has now achieved a debt free status.

## Dividend

Your company recommends a dividend of 15% on equity shares of face value of Rs.10/- each absorbing Rs.3,47,47,520 including tax on dividend.

## Fixed Deposits

Your Company has not accepted any deposits from the public.

## Prospects

Inspite of Indian Power Sector growing at a very fast pace, there exists a yawning gap between demand and supply which often reaches 15% in the peak demand season. The Central Government's endeavour in mitigating the short fall through construction of Ultra Mega Power Project each having capacity of 4000MW and additional capacity enhancement by Nuclear Fuel Power Plants gives a very wide prospect for your company in the years to come. Your company has established itself as a dependable manufacturer and supplier of DC Power Supply System which is a crucial and integral part of each and every power plant.

Your company has been on a regular basis consolidating and upgrading its technology base by way of infusion of experts in the field as well as looking into opportunities of entering into collaboration and technical tie ups with world leaders in the respective fields.

**Expansion / Modernisation**
Your company is in the process of capacity expansion by way of enhancing its manufacturing facilities.

**Directors**
Mr Gautam Chatterjee retires by rotation and being eligible offers himself for reappointment.

**Auditors**
The Auditors, M/s Surendra Didwania & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pursuant to Section 383A(1) of the Companies Act, 1956 Compliance Certificate received from a practising Company Secretary is hereby annexed.

**Compliance Certificate**
Pursuant to the provisions of Sub-section (1) of Section 383A of the Companies Act, 1956 the Compliance Certificate issued by Mr. Sushil Tiwari, Company Secretary in Whole-time Practice is attached.

**Other Particulars**
As the operations of the company are restricted to manufacturing, sales and servicing activities, the information required 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 are given below :-

1. **Conservation of Energy**
   The Company accords high priority to conservation of energy by adopting measures outlined below:

   a. All electrical instruments required for testing are regularly calibrated by Electronic Regional Testing Laboratory, Kolkata and other recognised agencies.

   b. KWH meters and other instruments are used during testing operations to monitor and control electrical energy to achieve higher output efficiency.

   c. The company uses semi conductor control and switch mode power supply based rectifiers to reduce energy consumption supplemented by reducing harmonic distortions.

   d. Introduction of energy efficient lights.

   e. Water is not used for production processes other than domestic requirements.

2. **Research & Development**
   Your Company has already developed battery monitoring module which is first of its kind in the world for lead acid batteries, in collaboration with a global leader in the field of semi conductor.

3. **Future Plan of Action**
   Your company is actively considering further extending its portfolio of products to address the retail market.

4. **Technology absorption, adaptation & innovation**
   Your company has a strong focus on continuous development and is further strengthening its R&D Division.

5. **Pollution Control**
   The manufacturing process and manufactured items are totally pollution free – Green Zone Category.

6. **Foreign Exchange – Earnings & Outgo**
   **Total Foreign Exchange used & earned :**

   Used : Rs. 20,17,154
   Earned : Rs. 4,39,912

**Employees**
Statement under Section 217(2A) of the Companies Act, 1956 as amended by the Companies (Particulars of Employees) (Amendment) Rules, 1990 is not applicable.

**Directors' Responsibility Statement under Section 217(2AA) of the Companies Act, 1956 is as follows :**

We, the Board of Directors of Caldyne Automatics Limited hereby confirm :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. That the Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Kolkata
16th April, 2010

**G Chatterjee**
*Chairman*

To
The Members
CALDYNE AUTOMATICS LTD.
Pot No. Y-21, Block EP, Sector V,
Salt Lake Electronics Complex,
Bidhan Nagar, Kolkata -91

We have exmined the registers, records, books and papers of CALDYNE AUTOMATICS LIMITED (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2010 (financial year). In our opinion and to the best of our information and according to the examinations carreied out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year.

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has dully filed the forms and returns as stated in Annexure 'B' with the Registrar of Companies.
3. The Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met four times respectively on 17.04.2009, 24.07.2009, 02.11.2009 and 19.03.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The annual general meeting for the financial year ended on 31.3.2009 was held on 06.06.2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
9. the Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members of Central Government, as the case may be
12. The Company has not issued any duplicate certificates during the financial year.
13. (i) There was no allotment / transfer / transmission of securities during the financial year

    (ii) The Company has paid the entire amount of dividend directly to the shareholders by cheque

    (iii) The Company has paid dividend cheque to all members of the Company within a period of 30 days from the date of declaration ad confirms that no dividend is unpaid.

    (iv) The Company has duly complied with the requirements of section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any ManagingDirector / Whole Time Director during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.

21. There was no redemption of preference shares or debentures during the financial year
22. There were no transactions necessitaing the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year ending 31.3.2010 are within the borrowing limits of the Company and that necessary resolutions as oer section 293(1)(d) of the Act have been passed as confirmed by the Management.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of he memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. the Company has not altered the provisions of the memorandumwith respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year, for offences under the Act.
32. The Company has not received any money as security from its empliyees during the financial year.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

For Sushil Tiwari & Associates
Company Secretaries
(Sushil Tiwari)
Proprietor
ACS 6199 CP 1903

Place : Kolkata
Dated : 16th April, 2010

**Annexure A**

**Registers as maintained by Company**

1. Register of Members under Section 150.
2. Register of Transfers.
3. Register of Directors under Section 303.
4. Register of Directors' Shareholding under Section 307.
5. Register under Section 301.
6. Register of *Investment/Loans* under Section 372 A.
7. Books of Accounts under Section 209.
8. Minutes Books of the Board Meetings and General Meetings under Section 193.
9. Register and Returns under Section 163.

**Annexure B**

**Forms / Returns filed with the ROC**

1. Audited Accounts (Forms 23AC + 23 ACA) for the year ended 31.3.2009 u/s 220 was filed on 04.07.2009.
2. Secretarial Compliance Certificate (Form 66) for the year ended 31.3.2009 u/s 383A (1) was filed on 04.07.2009.
3. Annual Return u/s 159 (Form 20B) for the AGM held on 06.06.2009 was filed on 11.08.2009.

# AUDITOR'S REPORT

**TO THE MEMBERS OF CALDYNE AUTOMATICS LIMITED**

We have examined the attached Balance Sheet of **Caldyne Automatics Limited** as at 31st March, 2010 and the Profit & Los Account of the company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

a) We have obtained all the information and explanation, 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 appears from examination of the books;

c) The Balance Sheet and the Profit & Loss account dealt with by this report are in agreement with the books of account;

d) In our opinion the attached balance sheet and the profit & loss account Comply with the Accounting Standard referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956.

e) On the basis of written representation received from Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Subject to the above and read together with the Significant Accounting Policies stated in Schedule "U" in our opinion and to the best of our knowledge and belief, the said accounts give the required information by the Companies Act, 1956, in the manner so required and give a fair and true view in conformity with the accounting principles generally accepted in India;

i) In the case of Balance Sheet, of the Company's affairs as at 31st March, 2010;

ii) In the case of the Profit & Loss Account, of the profit of the company for the year ended 31st March, 2010; and

iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended 31st March, 2010

**For Surendra Didwania & Co.**
*Chartered Accountants*
**S. K Didwania**
*Proprietor*
**Membership No. 56954**

**Kolkata**
**Date : 16th April, 2010**

# ANNEXURE TO THE AUDITOR'S REPORT

**(REFERRED TO IN THE 3RD PARAGRAPH OF OUR REPORT OF EVEN DATE)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

2. Physical verification of the fixed assets are covered under a scheme of verification over a period of three years. As informed to us no serious discrepancy was noticed on such verification during the period.

3. None of the major assets has been disposed off during the period.

4. The stock of Finished Goods, Work-In-Progress and Raw Materials has been physically verified by the Management at reasonable intervals. In our opinion, the frequency of verification is reasonable.

5. The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.

6. The Company has neither taken from nor granted any loan to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

7. There is an adequate internal control procedure commensurate with the present size of the Company and nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

8. Based on the audit prcedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.

9. In our opinion and according to the information and explanations given to us the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant times.

10. The Company has not accepted any deposit from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956. Hence the relevant provisions are not applicable to the company.

11. The Company has an Internal Audit System, which in our opinion is commensurate with the nature and size of the Company.

12. The Central Government has not prescribed any Cost Audit under Section 209 (1) (d) of the Companies Act.

13. The Company has been regular in depositing undisputed statutory dues including provident fund and employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues with the appropriate authorities.

14. According to the information and explanations given to us and the books and records examined by us, there are no undisputed amount payable in respect of income tax, sales tax, custom duty, excise duty and service tax as at 31st March, 2010 which were outstanding for a period of more than six months from the date they became payable.

15. According to the records of the Company, the following amounts in respect of sales tax being disputed have not been deposited;

| Nature of Demand | Amount of Demand | Amount Deposited | Forum where appeal filed |
|---|---|---|---|
| Central Sales Tax | Rs. 16,79,005 | Nil | Sr. Joint Commissioner |

16. The Company does not have any accumulated loss and has not incurred any cash loss during the year covered by our audit and the immediately preceding financial year.

17. The Company has not defaulted in repayment of dues to the Banks. The Company has not taken any loan from Financial Institutions. The Company has not issued any debentures.

18. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

19. The Company is not a chit fund or a nidhi / mutual benefit fund / society.

20. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

21. Based on the 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 course of our audit.

**For Surendra Didwania & Co.**
*Chartered Accountants*
**S. K Didwania**
*Proprietor*
**Membership No. 56954**

**Kolkata**
**Date : 16th April, 2010**

# BALANCE SHEET

**AS AT 31st MARCH 2010**

| SOURCES OF FUNDS | SCHEDULE | As at 31.3.2010 Rs. | Rs. | As at 31.3.2009 Rs. | Rs. |
|---|---|---|---|---|---|
| Shareholders' Funds | | | | | |
| Share Capital | A | | 19,800,000 | | 19,800,000 |
| Reserves & Surplus | B | | 45,064,220 | | 39,227,978 |
| Loan Funds | | | | | |
| Secured Loan | C | | – | | 24,398,224 |
| Deferred Tax Liability (net) | D | | 1,659,128 | | 1,841,316 |
| | Total | | 66,523,348 | | 85,267,518 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | E | | | | |
| Gross Block | | 70,448,707 | | 68,855,294 | |
| Less: Depreciation | | 16,310,573 | | 13,965,376 | |
| Net Block : | | 54,138,134 | | 54,889,918 | |
| Add: Capital Work-in-Progress | | – | 54,138,134 | 2,985,681 | 57,875,599 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | F | 27,894,323 | | 18,426,133 | |
| Sundry Debtors | G | 86,910,316 | | 85,996,883 | |
| Cash & Bank Balances | H | 13,644,741 | | 1,950,029 | |
| Loans & Advances | I | 4,644,724 | | 3,710,707 | |
| | | 133,094,104 | | 110,083,752 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Liabilities | J | 113,767,564 | | 78,563,452 | |
| Provisions | K | 6,941,326 | | 4,128,381 | |
| | | 120,708,890 | | 82,691,833 | |
| Net Current Assets | | | 12,385,214 | | 27,391,919 |
| | Total | | 66,523,348 | | 85,267,518 |
| Notes on Accounts & Accounting Policy | U | | | | |

In terms of our attached report of even date

Surendra Didwania & Co.
*Chartered Accountants*
S. K. Didwania
(*Proprietor*)
Membership No. 056954
Kolkata, 16th April, 2010

G. Chatterjee
A. K. Mukherjee
Subir Chakraborty
*Directors*

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH, 2010**

| | SCHEDULE | For the Year ended 31.03.2010 Rs. | | For the Year ended 31.03.2009 Rs. | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales | L | 387,268,936 | | 341,004,728 | |
| Less (a) Excise Duty & Service Tax | | 9,181,760 | | 17,502,793 | |
| (b) VAT & Sales Tax | | 5,970,525 | | 9,237,299 | |
| Net Sales | | | 372,116,651 | | 314,264,636 |
| Other Income | | | 4,347,276 | | 2,625,753 |
| Increase/(Decrease) in Stocks | M | | 7,539,867 | | (8,604,690) |
| | | Total | 384,003,794 | Total | 308,285,699 |
| **EXPENDITURE** | | | | | |
| Raw Materials Consumed | N | | 85,221,082 | | 101,685,246 |
| Finished Goods Purchased | | | 202,953,241 | | 134,278,805 |
| Personnel Goods | O | | 43,544,251 | | 36,222,110 |
| Other Manufacturing Expenses | P | | 3,836,311 | | 2,594,156 |
| Rates, Taxes, Duties & Insurance | Q | | 618,960 | | 505,107 |
| Marketing, Selling & Distribution Expenses | R | | 11,536,209 | | 11,908,713 |
| Other Administrative Overheads | S | | 16,901,928 | | 11,688,297 |
| Interest and Finanance Cost | T | | 2,382,962 | | 3,974,681 |
| Depreciation | | 2,465,498 | | 2,633,050 | |
| Less Transfer from Revaluation Reserve | | 819,407 | 1,646,091 | 1,017,881 | 1,615,169 |
| | | Total | 368,641,037 | Total | 304,472,284 |
| **Profit Before Tax** | | | 15,362,757 | | 3,813,415 |
| Less: Income Tax : | | | | | |
| Provision for Taxation* | | | 5,378,531 | | 615,000 |
| Provision for Deferred Taxation | | | (182,188) | | (217,910) |
| Fringe Benefit Tax** | | | 36,014 | | 419,885 |
| Profit After Tax | | | 10,130,401 | | 2,996,440 |
| Balance Brought Forward | | | 211,180 | | 731,241 |
| Profit Available for Appropriation | | | 10,341,581 | | 3,727,681 |
| Proposed Dividend | | | 2,970,000 | | 1,980,000 |
| Tax on Proposed Dividend | | | 504,752 | | 336,501 |
| Transfer to General Reserve | | | 1,232,370 | | 1,200,000 |
| Balance Carried Forward | | | 5,634,459 | | 211,180 |
| *Net Off Rs. 321469/- for earlier years<br>**Including Rs. 36014/- (Rs. 30,885/-) for earlier years | | | | | |
| Earning per share – Basic & Diluted – (Nominal Value Per Share Rs. 10) | | | Rs. 5.12 | | Rs. 1.51 |
| (rerer to note no.6 of schedule U) | | | | | |
| Notes on Accounts | U | | | | |

In terms of our attached report of even date

Surendra Didwania & Co.
*Chartered Accountants*
S. K. Didwania
*(Proprietor)*
Membership No. 056954
Kolkata, 16th April, 2010

G. Chatterjee
A. K. Mukherjee
Subir Chakraborty
*Directors*

# CASH FLOW

**AS AT AND FOR THE PERIOD ENDED 31st MARCH 2010**

| | | 12 Months ended 31st March 2010 | | 12 Months ended 31st March 2009 | |
|---|---|---|---|---|---|
| | | Amount in Rs. | | Amount in Rs. | |
| A. | Cash Flow from operating activities | | | | |
| | Net Profit / Loss before taxation and extra- | | 15,362,757 | | 3,813,415 |
| | ordinary items | | | | |
| | Adjusted for : | | | | |
| | Depreciation | 1,646,091 | | 1,615,169 | |
| | Interest Income | (47,241) | | (75,069) | |
| | Interest Expenses | 2,430,203 | | 4,069,389 | |
| | Loss on sale of Fixed Assets | 102,075 | | 110,884 | |
| | | | 4,131,128 | | 5,720,373 |
| | Operating profit before working capital change | | 19,493,885 | | 9,533,788 |
| | Adjusted for | | | | |
| | Trade & other receivables | 769,746 | | 24,124,776 | |
| | Inventories | (9,468,190) | | 22,232,347 | |
| | Trade payable | 36,858,806 | 28,160,362 | (44,438,304) | 1,918,819 |
| | Cash generated from operation | | 47,654,247 | | 11,452,607 |
| | Income Tax refund / (Paid) | (5,046,059) | (5,046,059) | (1,619,885) | (1,619,885) |
| | Cash Flow from operation before prior period & extra ordinary items | | 42,608,188 | | 9,832,722 |
| | Prior period & extra ordinary items paid | | | | |
| | Net Cash from operating activities | | 42,608,188 | | 9,832,722 |
| | | | | | |
| B. | Cash Flow from investing activities | | | | |
| | Purchase of Fixed Assets / Investments | (1,889,134) | | (680,062) | |
| | Sales of Fixed Assets / Investments | 73,345 | | 301,098 | |
| | | | (1,815,789) | | (378,964) |
| C. | Cash Flow from Financing activities | | | | |
| | Repayment of long term borrowings | – | | (10,000,000) | |
| | Repayment of short term borrowings | (24,398,224) | | – | |
| | Proceeds from short term borrowings | – | | 2,931,788 | |
| | Dividend Paid | (2,316,501) | | (1,158,251) | |
| | Interest Paid | (2,382,962) | | (3,994,320) | |
| | | | (29,097,687) | | (12,220,783) |
| D. | Net increase / (decrease) in cash & cash equivalents | | 11,694,712 | | (2,767,025) |
| | | | | | |
| E. | Cash & cash equivalents at the beginning | | 1,950,029 | | 4,717,054 |
| | | | | | |
| F. | Cash & cash equivalents at the closing | | 13,644,741 | | 1,950,029 |
| | | | | | |

In terms of our attached report of even date

Surendra Didwania & Co.
*Chartered Accountants*
S. K. Didwania
(*Proprietor*)
Membership No. 056954
Kolkata, 16th April, 2010

G. Chatterjee
A. K. Mukherjee
Subir Chakraborty
*Directors*

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT AND FOR THE YEAR ENDED 31st MARCH 2010**

| | | 31.03.2010 Rs. | | 31.03.2009 Rs. |
|---|---|---|---|---|
| **SCHEDULE – A** | | | | |
| **SHARE CAPITAL** | | | | |
| **AUTHORISED** | | | | |
| 3,000,000 (3,000,000) Equity Shares of Rs. 10/- each | | **30,000,000** | | **30,000,000** |
| **ISSUED & SUBSCRIBED** | | | | |
| As per last Account | | 19,800,000 | | 1,800,000 |
| Add : Issue of bonus Share | | – | | 18,000,000 |
| 1,980,000 (19,80,000) Equity Shares of Rs. 10/- each | | **19,800,000** | | **19,800,000** |
| PAID-UP | | | | |
| 1,980,000 (19,80,000) Equity Shares of Rs. 10/- each paid up (3,400 Equity Shares issued at Rs. 5/- per share pursuant to a contract without payment being received in cash) (1,850,000 shares allotted as fully paid up by way of Bonus shares by Capitalisation of earlier years' Surplus) | | 19,800,000 | | 19,800,000 |
| | Total | **19,800,000** | | **19,800,000** |
| **SCHEDULE – B** | | | | |
| **RESERVES AND SURPLUS** | | | | |
| **GENERAL RESERVE** | | | | |
| As per Last Account | | 5,267,630 | | 22,067,630 |
| Add: Transfer from Profit & Loss Account | | 1,232,370 | | 1,200,000 |
| Less: Bonus Shares Transfer to Share Capital A/c | | – | 6,500,000 | 18,000,000 5,267,630 |
| **REVALUATION RESERVE** | | | | |
| As per Last Account | | 33,749,168 | | 34,767,049 |
| Less: Transfer from Profit & Loss Account | | 819,407 | 32,929,761 | 1,017,881 33,749,168 |
| **PROFIT & LOSS ACCOUNT BALANCE** | | | 5,634,459 | 211,180 |
| | Total | | **45,064,220** | **39,227,978** |
| **SCHEDULE – C** | | | | |
| **SECURED LOAN** | | | | |
| Cash Credit Account | | | – | 24,398,224 |
| | Total | | **–** | **24,398,224** |
| Security | | | | |
| (a) Hypothecation of Raw Materials, Finished Goods, Work-in-Progress, Book Debts & other receivables and all the Movable Fixed Assets, both present & future. | | | | |
| (b) Equitable mortgage of factory premises at Salt Lake. | | | | |
| **SCHEDULE – D** | | | | |
| **DEFERRED TAX (NET)** | | | | |
| **Balance as per last accounts** | | | 1,841,316 | 2,059,226 |
| Provision/(reversal) made during the year | | | (182,188) | (217,910) |
| **SCHEDULE – E** | | | **1,659,128** | **1,841,316** |

**FIXED ASSETS FOR THE YEAR ENDED 31ST MARCH, 2010**

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Original Cost as at 31.03.2009 (Rs.) | Addition during the year (Rs.) | Deduction during the year (Rs.) | Total Cost as at 31.03.2010 (Rs.) | Upto 31.03.2009 (Rs.) | For the Year (Rs.) | Sales/ Adjustment (Rs.) | Total upto 31.03.2010 (Rs.) | As at 31.03.2010 (Rs.) | As at 31.03.2009 (Rs.) |
| **Leasehold Land** | 22,831,105 | – | – | 22,831,105 | 791,380 | 253,425 | – | 1,044,805 | **21,786,300** | 22,039,725 |
| **Building** | 25,116,793 | – | – | 25,116,793 | 4,342,269 | 838,899 | – | 5,181,168 | **19,935,625** | 20,774,524 |
| **Plant & Machinery** | 13,808,990 | 452,900 | 27,728 | 14,234,162 | 4,998,859 | 653,264 | 26,350 | 5,625,773 | **8,608,389** | 8,810,131 |
| **Furniture & Fixture** | 1,796,825 | 123,154 | – | 1,919,979 | 974,527 | 102,042 | – | 1,076,569 | **843,410** | 822,298 |
| **Office Equipment** | 651,324 | 45,234 | 213,500 | 483,058 | 213,870 | 34,918 | 54,190 | 194,598 | **288,460** | 437,454 |
| **Air Conditioner** | 494,967 | – | – | 494,967 | 107,672 | 23,512 | – | 131,184 | **363,783** | 387,295 |
| **Computer** | 3,966,823 | 782,853 | 54,493 | 4,695,183 | 2,413,875 | 499,120 | 39,761 | 2,873,234 | **1,821,949** | 1,552,948 |
| **Motor Car** | 188,467 | 484,993 | – | 673,460 | 122,924 | 60,318 | – | 183,242 | **490,218** | 65,543 |
| Total | 68,855,294 | 1,889,134 | 295,721 | 70,448,707 | 13,965,376 | 2,465,498 | 120,301, | 16,310,573 | **54,138,134** | 54,889,918 |
| Figures for the Previous year | 68,613,484 | 680,062 | 438,252 | 68,855,294, | 11,358,152 | 2,633,050 | 25,826 | 13,965,376 | | |
| Capital Work-n-Progress | | | | | | | | | – | 2,985,681 |
| | | | | | | | | | 54,138,134 | 57,875,599 |

NOTES: (a) Land, Buildings and electrical installations of the company as on 31.03.2006 were revalued by approved valuers and the surplus arising thereon amounting to Rs. 368.16 lacs was transferred to revaluation reserve.
(b) Estimated outstanding for Capital Commitment Rs. NIL

| | | | 31.03.2010 Rs. | | 31.03.2009 Rs. |
|---|---|---|---|---|---|
| **SCHEDULE – F** | | | | | |
| **INVENTORIES** | | | | | |
| (As taken, valued and certified by the Management) | | | | | |
| Raw Materials | | | 12,816,822 | | 10,888,499 |
| Work-in-Progress | | | 14,936,705 | | 7,418,483 |
| Finished Goods – (Mfg.) | | | – | | 6,000 |
| Finished Goods (Others) | | | 140,796 | | 113,151 |
| | | Total | **27,894,323** | | **18,426,133** |
| **SCHEDULE – G** | | | | | |
| **SUNDRY DEBTORS** | | | | | |
| (Unsecured, considered good) | | | | | |
| Debts over six months* | | | 6,487,586* | | 3,657,561 |
| Other Debts | | | 80,422,730 | | 82,339,322 |
| | | Total | **86,910,316** | | **89,996,883** |
| *Net of doubtful debts fully provided for | | | 157,321 | | – |
| **SCHEDULE – H** | | | | | |
| **CASH & BANK BALANCES** | | | | | |
| A. Cash Balance: | | | | | |
| Cash & Cheques in Hand | | | 13,662 | | 34,364 |
| B. Balance with Banks | | | | | |
| i) In Current Account | | | 13,590,122 | | 1,870,068 |
| ii) In Fixed Deposit Account (including accrued interest thereon) | | | 40,957 | | 45,597 |
| | | Total | **13,644,741** | | **1,950,029** |
| **SCHEDULE – I** | | | | | |
| **LOANS AND ADVANCES** | | | | | |
| (Unsecured Considered Good) | | | | | |
| Advances Recoverable in Cash or in kind or for value to be received | | | | | |
| Advance to Staff | | | 123,430 | | 67,954 |
| Deposit with Suppliers | | | – | | 1,078 |
| Security Deposit | | | 631,485 | | 685,439 |
| Deposit with Excise Authorities | | | 223,965 | | 98,656 |
| Excise Duty Refund Receivable | | | – | | 437,829 |
| VAT Receiveable | | | 823,184 | | 102,836 |
| Advance to Suppliers | | | 42,000 | | 1,174,141 |
| Other Advance | | | 2,606,454 | | 1,001,851 |
| Prepaid Expenses | | | 194,206 | | 140,923 |
| | | Total | **4,644,724** | | **3,710,707** |
| **SCHEDULE – J** | | | | | |
| **LIABILITIES** | | | | | |
| Sundry Creditors | – | Dues to Micro & Small Enterprises | 7,103,774 | | 5,236,631 |
| Sundry Creditors | : | For Goods | 84,305,259 | 61,091,432 | |
| | : | For Others | 7,845,015 | 92,150,274 | 6,981,541 | 68,072,973 |
| Advance from Customers | | | 14,513,515 | | 5,253,848 |
| | | Total | **113,767,564** | | **78,563,452** |

| | | | 31.03.2010 | | 31.03.2009 |
|---|---|---|---|---|---|
| | | | Rs. | | Rs. |
| **SCHEDULE – K** | | | | | |
| **PROVISIONS** | | | | | |
| Provision for Employee Benefit | | | 3,466,574 | | 1,811,880 |
| Proposed Dividend | | | 2,970,000 | | 1,980,000 |
| Tax on Proposed Dividend | | | 504,752 | | 336,501 |
| | Total | | **6,941,326** | | **4,128,381** |
| **SCHEDULE – L** | | | | | |
| **SALES** | Unit | Qty | | Qty | |
| Battery Chargers | Nos | 484 | 104,427,230 | 922 | 129,898,040 |
| D.C./A.C. Distribution Board etc. | Nos | 310 | 11,478,915 | 96 | 15,593,182 |
| Transformer | Nos | 3 | 1,941,176 | 19 | 12,989,180 |
| Solar | Nos | 41 | 39,697 | 16 | 54,110 |
| Batteries | Sets | 308 | 239,641,247 | 348 | 166,504,570 |
| Service Charges | | | 12,776,277 | | 6,461,112 |
| Others | | | 16,964,394 | | 9,504,534 |
| | Total | | **387,268,936** | | **341,004,728** |
| **SCHEDULE – M** | | | | | |
| **INCREASE / (DECREASE) IN STOCKS** | | | | | |
| Opening Stock | | | | | |
| Finished Goods | | 119,151 | | 439,697 | |
| Work-In-Progress | | 7,418,483 | 7,537,634 | 15,702,627 | 16,142,324 |
| Closing Stock | | | | | |
| Finished Goods | | 140,796 | | 119,151 | |
| Work-In-Progress | | 14,936,705 | 15,077,501 | 7,418,483 | 7,537,634 |
| | Total | | **7,539,867** | | **(8,604,690)** |
| **SCHEDULE – N** | | | | | |
| **RAW MATERIALS CONSUMED** | | | | | |
| Opening Stock of Raw Materials | | | 10,888,499 | | 24,516,156 |
| *Add*: Purchases | | | 87,149,405 | | 88,057,589 |
| | | | 98,037,904 | | 112,573,745 |
| *Less*: Closing Stock | | | 12,816,822 | | 10,888,499 |
| | Total | | **85,221,082** | | **101,685,246** |
| **SCHEDULE – O** | | | | | |
| **PERSONAL COST** | | | | | |
| Salary, Wages, L.T.A. & Bonus | | | 30,515,900 | | 26,641,951 |
| Staff Welfare Expenses | | | 1,492,064 | | 1,357,001 |
| Medical Expenses | | | 996,253 | | 859,629 |
| Provident Fund Contribution | | | 2,321,558 | | 2,091,311 |
| Employees State Insurance | | | 288,917 | | 268,076 |
| Employees Gratuity Fund | | | 1,213,034 | | 445,767 |
| Labour Welfare Fund | | | 1,440 | | 1,560 |
| Remuneration to Wholetime Directors | | | – | | 369,752 |
| Training Cost | | | 518,107 | | 7,341 |
| Service Charges | | | 6,134,473 | | 4,136,019 |
| Festival Expenses | | | 62,506 | | 43,703 |
| | Total | | **43,544,251** | | **36,222,110** |
| **SCHEDULE – P** | | | | | |
| **OTHER MANUFACTURING EXPENSES** | | | | | |
| Power & Fuel | | | 2,704,802 | | 1,768,453 |
| Consumption of Stores | | | 249,433 | | 593,886 |
| Testing Charges | | | 844,405 | | 92,407 |
| Drawing & Design Fee | | | – | | 35,869 |
| Research & Development Expenses | | | – | | 62,277 |
| Repairs to Machineries | | | 37,671 | | 41,264 |
| | Total | | **3,836,311** | | **2,594,156** |
| **SCHEDULE – Q** | | | | | |
| **RATES, TAXES, DUTIES & INSURANCE** | | | | | |
| License Fees & Taxes | | | 125,649 | | 110,672 |
| Contract Tax | | | 94,047 | | 6,665 |
| Insurance | | | 391,416 | | 274,098 |
| Professional Tax | | | 5,000 | | 5,000 |
| Filing Fees | | | 2,848 | | 108,672 |
| | Total | | **618,960** | | **505,107** |

| | | 31.03.2010 Rs. | | 31.03.2009 Rs. | |
|---|---|---|---|---|---|
| **SCHEDULE – R** | | | | | |
| **MARKETING, SELLING & DISTRIBUTION EXPENSES** | | | | | |
| Transportation Charges | | | 1,871,168 | | 1,619,518 |
| Subscription | | | 26,706 | | 13,550 |
| Advertisement | | | 34,986 | | 28,650 |
| Packing Charges | | | 2,449,905 | | 2,239,636 |
| Tender Form Purchase | | | 1,835 | | 45,305 |
| Sales Commission | | | 5,786,018 | | 1,981,395 |
| Liquidated Damages | | | 348,224 | | 4,593,498 |
| Bad Debts written off | | | – | | 982,003 |
| Provision For Doubtful Debts | | | 157,321 | | – |
| Warranty Cost | | | 499,668 | | – |
| Business Promotion Expenses | | | 360,378 | | 405,158 |
| | Total | | **11,536,209** | | **11,908,713** |
| **SCHEDULE – S** | | | | | |
| **OTHER ADMINISTRATIVE EXPENSES** | | | | | |
| Consultancy Fees | | | 910,385 | | 582,500 |
| Rent | | | 63,500 | | 229,534 |
| Printing & Stationery | | | 583,065 | | 526,716 |
| Repairs to Building | | | 503,045 | | 270,803 |
| Repairs to Furniture | | | 35,199 | | 4,518 |
| Repairs to Others | | | 1,150,004 | | 1,854,406 |
| Postage, Telegraph & Telephone | | | 1,046,003 | | 964,775 |
| Travelling Expenses | | | 4,756,492 | | 3,226,973 |
| General Charges | | | 747,981 | | 667,376 |
| Legal & Professional Charges | | | 1,220,485 | | 813,460 |
| ISO Expenses | | | 50,001 | | 50,000 |
| Auditors' Remuneration | | | | | |
| As Audit Fee | | 125,000 | | 125,000 | |
| Tax Audit | | 35,000 | | 35,000 | |
| For Other Services | | 7,000 | | 7,000 | |
| Reimbursement of Expenses | | 13,000 | 180,000 | 13,000 | 180,000 |
| Conveyance Charges | | | 1,008,100 | | 918,123 |
| Electricity Charges | | | – | | 73,720 |
| Books & Periodicals | | | 90,895 | | 15,537 |
| Bank Charges | | | 728,103 | | 728,439 |
| Car Running Expenses | | | 111,203 | | 127,303 |
| Hire Charges | | | 7,500 | | 134,700 |
| Directors' Fees | | | 48,000 | | 92,000 |
| Registration Fees | | | 14,706 | | 37,500 |
| Recruitment Expenses | | | 22,500 | | 78,587 |
| Doubtful Advances Written Off | | | 3,482,452 | | – |
| Loss on Sale of Assets | | | 142,310 | | 111,328 |
| | Total | | **16,901,928** | | **11,688,297** |
| **SCHEDULE – T** | | | | | |
| **INTEREST AND FINANCE COST** | | | | | |
| Bank Interest | | 243,811 | | 3,336,618 | |
| Other Interest | | 100,795 | | – | |
| Fund Mobilisation cost | | 500,000 | | – | |
| Bill Discounting Charges | | 1,585,597 | | 732,771 | |
| Less : Interest Income | | (47241) | 2,382,962 | (94708) | 3,974,681 |
| (TDS Rs Nil, Previous Year Rs 19639/-) | | | | | |
| | Total | | **2,382,962** | | **3,974,681** |

SCHEDULE – U : NOTES ON ACCOUNTS AND ACCOUNTING POLICY :

1. Significant Accounting Policy:

a) Basis of Accounting
The financial statements are prepared under the historical cost convention and in accordance with applicable Indian Accounting Standards. For recognition of income and expenses mercantile system of accounting is followed.

b) Revenue Recognition
Revenue from sale of goods is recognised upon passage of title to the customer which generally coincides with the delivery.

c) Fixed Assets
Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT), taxes, incidental expenses and interest etc. upto the date of assets put to use.

d) Depreciation
Depreciation is provided on Straight Line Method on pro rata basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depriciation includes amount written off in respect of leasehold properties over the respective lease period.

e) Inventories
Inventories of Raw Materials, Finished Goods (Trading) are valued at cost, Work-in-Progress is valued at actual raw material cost and manufacturing overheads in proportion to the extent of completion of the job. Manufactured finished goods are valued at lower of cost or estimated realisable value.

f) Retirement and other Employee Benefits
i) Retirement Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.
ii) Gratuity Liability is a defined benefit obligation and is provided for on the basis of actuarial valuation made at the year end of each financial year.
iii) Short term compensated absences are provided for based on actuarial valuation made at the year end of each financial year.

g) Taxation
Provision for Income tax is made both for current and deferred taxes. Provision for income tax is based on the assessable profits computed in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is provided using the liability method, based on the tax effect of timing differences, resulting from recognition of items in the financial statements and in estimating its current income tax provisions.

h) Foreign Currency Transactions
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency prevailing at the date of the transaction.

Foreign currency assets and liabilities are reported using the closing year end rates.

Exchange differences arising on settlement / conversion of monetary items are recognized as income or expenses in the year in which they arise except those relating to acquisition of fixed assets outside India, in which case such exchange differences are capitalized.

2. Contingent Liability: Contingent Liability not provided for in respect of

| | As on 31.03.2010 (Rs.) | As on 31.03.2009 (Rs.) |
|---|---|---|
| Sales Tax Demands | 16,79,005 | 16,79,005 |
| Indemnity for Bank Guarantees | 6,46,800 | 6,46,800 |
| Claims against the Company not acknowledged as debt | Nil | Nil |

SCHEDULE – U (Contd.)

3. Section 145A of the Income Tax Act, 1961 requires the Company to consider the impact of CENVAT benefit in both purchases and inventories of Raw Materials, Work-in-progress and Components (only to the extent of its inclusion in their respective inventories). However as per the guidelines of the Institute of Chartered Accountants of India, the Company has valued the above stocks net of CENVAT benefit. Such valuation has however no impact on the profitability of the Company.

4. Disclosure of Sundry Creditors under Current Liabilities is based on the information available with the Company regarding the status of suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act, 2006". Amount overdue as on 31st March, 2010 to Micro, Small and Medium Enterprises on account of principal amount together with interest, aggregate to nil.

5. Deferred Tax Liability : The Major components of Deferred Tax Asset / Liabilities based on tax effect of timing differences, as at 31st March, 2010 are as under :-

| | As on 31.03.2010 (Rs.) | As on 31.03.2009 (Rs.) |
|---|---|---|
| Deferred Tax Liability | | |
| Depreciation | 28,90,890 | 24,01,187 |
| Deferred Tax Asset | | |
| Expenses Allowable against taxable income in future years | 12,31,762 | 5,59,871 |
| Net Deferred Tax Liability | 16,59,128 | 18,41,316 |

6. Earning Per Share

| Basic | 2009-10 | 2008-09 |
|---|---|---|
| i) Profit / (Loss) after tax | 1,01,30,401 | 29,96,440 |
| ii) No. of Equity Shares for the Year | 19,80,000 | 19,80,000 |
| iii) Basic and Diluted Earnings per Share | 5.12 | 1.51* |

* Restated for Bonus Issue

7. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to payment of Gratuity as per the provisions of Gratuity Act, 1971.

The following table summaries the components of net benefit expenses recognized in the profit & loss account and the funded status and the amounts recognized in the balance sheet for the respective plans.

I. Expenses Recognized in the statement of profit & loss account for the year ended 31.03.2010

| | | Amount in Rs (lacs) | | |
|---|---|---|---|---|
| | | 2009-10 | 2008-09 | 2007-08 |
| 1. | Current Service Cost | 3.75 | 4.47 | 3.56 |
| 2. | Interest Cost | 1.75 | 1.84 | 1.65 |
| 3. | Expected Return on Plan Assets | (1.1) | (1.1) | (0.83) |
| 4. | Actuarial (Gains) / Losses | 7.24 | (1.34) | 7.01 |
| 5. | Total Expenses | 11.64 | 3.87 | 11.39 |
| II | Net Assets / (Liablity) Recognised in the Balance Sheet as at 31.03.2010 | | | |
| 1. | Present Value of Defined Benefit Obligations | 34.27 | 22.22 | 27.26 |
| 2. | Fair Value of Plan Assets as at the year end | 14.64 | 13.99 | 12.99 |
| 3. | Net Asset / (Liability) as at the year end | (19.63) | (8.23) | (14.27) |
| III | Change in Obligation during the year ended 31st March, 2010 | | | |
| 1. | Present Value of Defined Benefit obligation at the beginning of the year | 22.22 | 27.26 | 21.11 |
| 2. | Current Service Cost | 3.75 | 4.47 | 3.56 |
| 3. | Interest Cost | 1.75 | 1.84 | 1.65 |
| 4. | Benefits Paid | (0.80) | (9.98) | (6.07) |
| 5. | Actuarial (gains) / Losses | 7.35 | (1.37) | 7.01 |
| 6. | Present Value of Defined Benefit obligation at the end of the year | 34.27 | 22.22 | 27.26 |

SCHEDULE – U (Contd.)

IV Change in the fair value of Plan Assets during the year ended 31st March, 2010

| | Amount in Rs (lacs) | | |
|---|---|---|---|
| | 2009-10 | 2008-09 | 2007-08 |
| 1. Plan Assets at the beginning of the year | 13.99 | 12.99 | 9.41 |
| 2. Expected Return on Plan Assets | 1.10 | 1.10 | 0.83 |
| 3. Contribution by the Employer | 0.24 | 6.41 | 8.82 |
| 4. Actual Benefits Paid | (0.80) | (6.48) | (6.07) |
| 5. Actuarial (gains) / Losses | 0.11 | (0.03) | – |
| 6. Plan Assets at the end of the year | 14.64 | 13.99 | 12.99 |
| V Major category of plan assets as a percentage of total value of plan assets Investment with Life Insurance Corporation of India | 100% | | 100% |
| VI Actuarial Assumptions | | | |
| 1 Discount Rate | 8.00% | 8.00% | 8.50% |
| 2 Expected Return on Plan Assets | 8.50% | 8.50% | 8.50% |
| 3 Mortality pre retirement | Standard Table LIC (1994-96) ultimate | Standard Table LIC (1994-96) ultimate | Standard Table LIC (1994-96) ultimate |

VII Since AS 15 (revised) is applicable from the financial year 2007-08 only, the disclosures above are given only from the financial year 2007-08.

8. The Company's business activity falls within a single primary business segment viz "Manufacturing and Sales of Battery Chargers and Allied Products" the disclosure requirements of Accounting Standard (AS) – 17 'Segment Reporting issued by the Institute of Chargtered Accountants of India' are not applicable.

9. Related party disclosures as per Accounting Standard – 18 are given below:

i) Name and description of relationship with the related parties:

| | |
|---|---|
| a) Holding Company | Exide Industries Limited |
| b) Fellow Subsidiary | Chloride International Limited<br>Chloride Metals Limited<br>Chloride Batteries S E Asia Pte Limited<br>Espex Batteries Limited<br>Associated Battery Manufacturers (Ceylon) Limited<br>Leadage Alloys India Limited |
| c) Key Management Personnels & their relative | Mr Partha Sen |
| d) Enterprises owned or significantly influenced by Key Management Personnels & their relatives | Not Applicable |

ii) Details of transactions with related parties:

| Paticulars | Holding Company (i) | Fellow Subsidiary (ii) | Key Management Personnel & their relatives (iii) | Enterprises owned or significantly influenced by Key Management Personnel & their relatives (iv) |
|---|---|---|---|---|
| (A) Transactions During the Period | | | | |
| 1. Sales of Materials and Fixed Assets | 1,06,79,514<br>(98,00,759) | 12,82,818<br>– | –<br>– | –<br>– |
| 2. Purchase of Material and Fixed Assets | 18,59,07,305<br>(12,16,90,718) | Nil<br>(Nil) | –<br>– | –<br>– |
| 3. Service Charge Paid | 33,090<br>(22,472) | Nil<br>(Nil) | –<br>– | –<br>– |
| 4. Remuneration | –<br>– | –<br>– | 22,83,475<br>(20,38,144) | –<br>– |
| (B) Amount Payable | 6,03,10,140<br>(3,32,12,260) | –<br>– | –<br>– | –<br>– |
| Amount Receivable | 70,55,490<br>– | –<br>– | –<br>– | –<br>– |
| (C) Guarantees & collaterals | – | – | – | – |

10. Previous year's figures have been re-grouped wherever necessary.

SCHEDULE – U (Contd.)

10. Additional information pursuant to provisions of paragraph 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956.

a) Licensed and installed capacity and actual production for the year:

| Class of Goods | Unit | Installed Capacity | Actual Production 2009-2010 | Actual Production 2008-2009 |
|---|---|---|---|---|
| Battery Chargers | Nos. | 1200 | 484 | 922 |
| Distribution Board | Nos. | 300 | 310 | 96 |

Note: License is not required for manufacture of any of the above items.

b) Purchase of Finished Goods

| | 2009-2010 Quantity | 2009-2010 Value | 2008-2009 Quantity | 2008-2009 Value |
|---|---|---|---|---|
| Batteries | 310 | 202,953,241 | 346 | 134,179,805 |
| Others | 0 | 0 | 1 | 99,000 |

c) Stock of Finished Goods

| | 31.03.2010 Quantity | 31.03.2010 Value | 31.03.2009 Quantity | 31.03.2009 Value | 31.03.2008 Quantity | 31.03.2008 Value |
|---|---|---|---|---|---|---|
| Battery Chargers | – | – | 1 | 6,000 | 1 | 6,000 |
| D.C./A.C. Distribution Board | – | – | – | – | – | – |
| Batteries | 2 | 140,796 | – | 113,151 | 2 | 11,018 |
| Others | – | – | – | – | – | 422,679 |
| Total | | 140,796 | | 119,151 | | 439,697 |

d) No individual item of consumption accounts for 10 percent or more of the value of materials consumed

e) Value of Raw Materials and Stores consumed:

| | % | 2009 – 2010 | % | 2008 – 2009 |
|---|---|---|---|---|
| Indigenous | 98 | 83,453,361 | 100 | 102,186,667 |
| Imported | 2 | 2,017,154 | 0 | 92,465 |

| | 2009 – 2010 | 2008 – 2009 |
|---|---|---|
| f) C.I.F. Value of Imports | 2,017,154 | 92,465 |
| g) Earnings in Foreign Exchange (F.O.B. Value of Exports) | 439,912 | 1,179,561 |
| h) Expenditure in foreign Exchange | 2,017,154 | 92,465 |

In terms of our attached report of even date

Surendra Didwania & Co.
*Chartered Accountants*
S. K. Didwania
(*Proprietor*)
Membership No. 056954
Kolkata, 16th April, 2010

G. Chatterjee
A. K. Mukherjee
Subir Chakraborty
*Directors*

## CALDYNE AUTOMATICS LIMITED

# BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**[AS PER SCHEDULE VI PART (IV) OF THE COMPANIES ACT, 1956]**

### I. Registration Details

Registration No. 3 2 7 9 6

State Code 2 1

Balance Sheet Date 3 1 0 3 1 0

### II. Capital Raised During the Year

(Amounts in Rs. '000)

| | | | |
|---|---|---|---|
| Public Issue | N I L | Right Issue | N I L |
| Bonus Issue | N I L | Private Placement | N I L |

### III. Position of Mobilisation and Deployment of Funds

(Amounts in Rs. '000)

**Sources of Funds**

| | | **Application of Funds** | |
|---|---|---|---|
| Total Liabilities | 6 6 5 2 3 | Total Assets | 6 6 5 2 3 |
| Paid-up Capital | 1 9 8 0 0 | Net Fixed Assets | 5 4 1 3 8 |
| Reserves & Surplus | 4 5 0 6 4 | Investments | N I L |
| Secured Loans | – | Net Current Assets | 1 2 3 8 5 |
| Unsecured Loans | – | Miscellaneous Expenditure | N I L |
| Deferred Tax Liability | 1 6 5 9 | Accumulated Losses | N I L |

### IV. Performance of the Company

(Amounts in Rs. '000)

| | | |
|---|---|---|
| Turnover | 3 7 2 1 1 7 | |
| Total Expenditure | 3 5 6 7 5 4 | |
| Profit/(Loss) Before Tax | 1 5 3 6 3 | |
| Profit/(Loss) After Tax | 1 0 1 3 0 | |
| Earning per Share in Rs. | 5 . 1 2 | (Rupees per Share) |
| Dividend Rate in % | 1 5 | |

### V. Generic Names of Three Principal Products/Services of the Company

Item Code No. (ITC Code) 8 5 0 4 0 . 0 3
Product Description B A T T E R Y C H A R G E R S

Item Code No. (ITC Code) 8 5 3 7 1 0 . 0 0
Product Description D C D I S T R I B U T I O N B O A R D

Item Code No. (ITC Code) 8 5 0 7 . 2 0
Product Description B A T T E R Y

Kolkata, 16th April, 2010

G. Chatterjee
A. K. Mukherjee
Subir Chakraborty
*Directors*

# CHLORIDE METALS LIMITED

## DIRECTORS

T. V. Ramanathan, Chairman
P. K. Kataky
S. K. Mittal (upto 30th April, 2010)
A. K. Mukherjee

## Manager & CEO

A. B. Oke

## SECRETARY

Arunito Ganguly

## REGISTERED OFFICE

Gat No. 1241-1242, Markal
Taluka Khed
Pune-412 105

## BANKERS

Corporation Bank
HDFC Bank Limited

## AUDITORS

Natvarlal Vepari & Co
Chartered Accountants
Oricon House, 4th Floor
12K Dubhash Marg
Mumbai - 400 023

# DIRECTORS' REPORT

**To the Members of Chloride Metals Limited**

Your Directors are pleased to present the 12th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

Financial Results

| | Rupees 2009-10 | Rupees 2008-09 |
|---|---|---|
| Working for the year resulted in a net surplus of | 15,09,75,791 | 7,33,10,619 |
| Add: Balance brought forward from last year | 8,65,84,389 | 4,08,45,499 |
| | 23,75,60,180 | 11,41,56,118 |
| Less: Short Provision for Taxation of earlier years | – | 16,63,610 |
| Making a total of | 23,75,60,180 | 11,24,92,508 |
| Out of this, provision has been made for taxation | 5,15,75,930 | 2,59,08,119 |
| | 18,59,84,250 | 8,65,84,389 |
| Less: Transfer to General reserve | 1,25,00,000 | – |
| Less: Proposed Dividend | 1,33,65,250 | – |
| Less: Tax on Dividend | 22,71,424 | – |
| Leaving a balance of (Which is carried forward to next year) | 15,78,47,576 | 8,65,84,389 |

**Operations**

Your Directors are pleased to announce that your Company has achieved a turnover of Rs. 263.62 Crores representing a growth of 52.35% over the previous year. Profit before Tax stood at Rs. 15.10 Crores and Profit after tax stood at Rs. 9.94 Crores which is 106% and 110% higher respectively than that recorded in the previous year. This remarkable growth has been made possible due to several steps taken by your Company for increasing production, smelting and refining operations through investment in balancing equipment and technical improvements.

Your Company was able to achieve its plant capacity of 3000 M.T. towards production of Lead and Lead alloys which is the maximum allowed by the Pollution Control Authorities. The Company has enhanced the smelting capacity to 2200 M. T. per month by installing two additional Rotary furnaces during the year under review. An imported pressure automised furnace oil burner has also been installed for the new Rotary furnaces which will significantly increase output with lower consumption of furnace oil. During the year the vertical furnace was dismantled and the space was utilized for installing additional refinery pots and alloying capabilities. A BALTUR make burner has also been procured for fitting with the 9 ton rotary furnace and an agreement has also been entered for installation of Oxy-Fuel burner. All the above steps has resulted in substantial reduction of Lead in slag and also reduced consumption of high cost furnace oil.

A new effluent treatment plant has been commissioned and all acidic water generated from the battery breaking plant is being neutralized and re-used in the Battery breaking plant and for washing roads.

In order to meet the higher demands your Company has taken several steps for increasing scrap battery collections. An imported automatic battery breaking plant with a capacity of 10 M.T. per hour has also been installed which will increase productivity, safety and result in reducing pollution.

**Dividend**

Your Directors are pleased to recommend a dividend of 25% i.e., Rs. 2.50 per equity share of the face value of Rs. 10/- each amounting to Rs 1,56,36,674/- (including tax of dividend) subject to approval at the ensuing Annual General Meeting.

**Fixed Deposits**
Your Company has not accepted any deposits from the public.

**Directors**
Mr A K Mukherjee retires by rotation and, being eligible, offers himself for re-appointment.

None of the Directors of your Company are disqualified for being appointed as Directors, pursuant to Section 274(1)(g) of the Companies Act, 1956.

**Corporate Social Responsibilities**
As part of the process of institutionalizing commitment towards the society and environment your Company continues with several of its CSR activities. During the year your company has constructed a tar road adjacent to the plant for the benefit of local people. Your Company has also distributed school benches to the Zilla Parishad Primary School, Markal for the benefit of the students.

**Auditors**
The Auditors, Messrs Natvarlal Vepari & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 224(1B) of the Companies Act, 1956, offer themselves for re-appointment.

**Information under Section 217(1)(e) of the Companies Act, 1956**
The particulars as prescribed under clause(e) sub-section (1) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are attached hereto

**Employees**
Employee relations in the plant continued to remain harmonious and your Directors take this opportunity to record their sincere appreciation of the efforts put in by the workers, staff and officers at all level for their contribution to the success achieved by the Company.

Your Company has no employee of the category required to be listed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, during the period under review.

**Directors' Responsibility Statement Pursuant to Section 217(2AA) of the Companies Act, 1956**
In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

iii. That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. That the Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Place: Kolkata
Date: 15th April, 2010

T V Ramanathan
Chairman

# ANNEXURE TO DIRECTORS' REPORT

**Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010**

**A) Conservation of Energy**

(i) Power factor has improved from 0.94 to 0.99 by

(a) Equal load distribution on R, Y and B phases

(b) Installed 40 KVA power capacitor

(c) Installed automatic power factor controller to maintain power factor

(d) Power factor incentive increased by Rs.55,000 per month

Total cost saving is Rs. 6.60 lacs per year.

(ii) In Refinery section, all conventional furnace oil burners have been replaced by better heat efficient high pressure self atomized furnace oil Burners, resulting in fuel saving of 7 lts per ton of refined lead & Power saving of 43 kw per hour. Total cost saving is Rs.53.86 lacs per year.

(iii) A high pressure self atomized Italian (BALTUR) furnace oil Burner was installed in the new Rotary furnace no.3 instead of Conventional furnace oil burner giving reduction of 20 ltrs per ton of hard block produced. Total saving is Rs. 30 lacs per year.

Following Steps being taken for conservation of energy:

i) Oxy Flame Burners will be provided on Rotary Furnaces.

ii) Variable Frequency Drive will be provided on 60 H.P. I.D. Fans.

**B) Technology Absorption, Research & Development**

The Company has neither imported any technology nor has any technical collaboration with any party. Though the Company does not have any separate Research & Development Department but it carries out innovations, up-gradation and improvements in technology through in-house efforts of its engineer and technical personnel.

**C) Foreign Exchange Earnings and Outgo**

1) Activities relating to exports, initiatives taken to increase exports, development of new export markets of products and services and export plans :
The Company's export during the year amounted to Rs. 72.37 lacs. Though at present there is no significant export market for your Company's products your Company would try and develop such market after it has acquired additional production capacity after catering to the domestic market.

2) Total Foreign Exchange used and earned:

Used : Rs. 16,29,73,775

Earned : Rs. 72,36,697

On behalf of the Board of Directors

Place: Kolkata
Date: 15th April, 2010

T V Ramanathan
Chairman

# AUDITORS' REPORT

To
The members of
**Chloride Metals Limited**
**(Formerly Tandon Metals Limited)**

We have audited the attached Balance Sheet of **Chloride Metals Limited (formerly Tandon Metals Limited)** as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure Statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

i) 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.

ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.

iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the other notes thereon give the information required by the Companies Act, 1956 in the manner so require and give a true and fair view.

(a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2010 and

(b) in the case of Profit and Loss Account of the Profit for the year ended on 31st March 2010 and

(c) in the case of the Cash Flow Statement of the net cash flow for the year ended on that date.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
(Partner)
M. No. 40441

Kolkata
Dated: April 15, 2010

# ANNEXURE TO THE AUDITORS' REPORT

**(Referred to in our report of even date)**

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets have been physically verified by the management at reasonable intervals and any material discrepancies noticed on such verification have been properly dealt with in the books of account;

(c) The Company has not disposed off any substantial part of fixed assets.

(ii) (a) Stock of finished goods, stores, spare parts and raw materials has been physically verified by the management at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage / Excess automatically get adjusted and the same is properly dealt in the books of accounts.

(iii) (a) The Company has neither taken nor granted loans from parties listed in the register maintained u/s 301 of the Companies Act 1956.

(iv) In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We have not come across any continuing failure to correct major weaknesses in internal control.

(v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of section 301 of the Act has been properly entered.

(b) All the transactions have been made at prices which are reasonable having regard to the prevalling market prices at the relevant time and the nature of services rendered by such parties.

(vi) The Company has not accepted any deposits from the public during the year under review, and consequently the directives issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Act and the rules framed there under are not applicable.

(vii) In our opinion the Company has an Internal Audit system commensurate with the size of the company and the nature of its business.

(viii) According to the information and explanation given to us, the cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 have been made and maintained by the company but no examination of such records and accounts has been carried out by us.

(ix) (a) The company is generally regular in depositing Provident Fund, Employees State Insurance, Service Tax, Income tax, wealth tax and sales tax dues with the appropriate authorities. There are no amount outstanding in respect of income tax, sales tax, service tax, customs duty and excise duty dues with the appropriate authorities as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the following Tax / duty etc has not been deposited on account of dispute.

| Name of the Statute | Nature of the dues | Amount (Rs) | Period to which the amount relates | Forum where Dispute is pending |
|---|---|---|---|---|
| Sales Tax | Various Disallowances | 2,61,285 | 2001 | Deputy Commissioner SalesTaxes (Appeals) |
| Income Tax | Various Disallowances | 3,86,135 | 2005-06 | Appellate Tribunal |

(x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.

(xi) In our Opinion and according to the information and explanation given to us by the Management the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

(xii) On the basis of the audit procedures followed, the test checks of the transactions during and the representations from the management, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a nidhi/mutual benefit fund/societies and accordingly clause (xiii) of the Companies (Auditors' Report) order is not applicable.

(xiv) The company has not made any investments and therefore clause (xiv) of the Companies (Auditors' Report) order is not applicable.

(xv) According to the information and explanations the Company has not given guarantee for loans taken by others. Accordingly clause (xv) of the Companies (Auditors' Report) Order, 2003 is not applicable.

(xvi) The Company has taken term loans during the year from Banks/Financial Institutions and the same has been utilized for the purpose for which it was borrowed.

(xvii) According to the information and explanation given to us, on an over all examination of the Balance sheet and cash flow of the company and the necessary representations from the management, we report that no short term funds have been applied by the company towards any long term purposes.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly clause (xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.

(xix) The Company has not raised any debenture and accordingly clause (xix) of Companies (Auditors' Report) Order, 2003 is not applicable.

(xx) The Company has not raised any money by public issues during the year and accordingly clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable;

(xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For Natvarlal Vepari & Co.
Chartered Accountants

Place: Kolkata
Dated: April 15, 2010

N. Jayendran
(Partner)
M. No. 40441

# BALANCE SHEET

**AS AT 31st MARCH 2010**

(Figures in Rupees)

| | SCH. REF | AS At 31.3.2010 | | As at 31.3.2009 | |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | Rs. | Rs. | Rs. | Rs. |
| Shareholders' Funds: | | | | | |
| Share Capital | 1 | 53,461,000 | | 53,461,000 | |
| Reserves & Surplus | 2 | 232,324,446 | | 154,949,326 | |
| | | | 285,785,446 | | 208,410,326 |
| Loan Funds: | | | | | |
| Secured Loans | 3 | 96,444,300 | | 110,250,675 | |
| Unsecured Loans | 4 | 27,124,693 | | 27,124,693 | |
| | | | 123,568,993 | | 137,375,368 |
| Deferred Tax Liability (Refer Note B4) | | | 7,740,590 | | 9,164,660 |
| | | | 417,095,029 | | 354,950,355 |
| **APPLICATION OF FUNDS:** | | | | | |
| Fixed Assets: | 5 | | | | |
| Gross Block | | 276,483,058 | | 184,777,333 | |
| Less: Depreciation | | 32,673,233 | | 27,257,476 | |
| Net Block | | 243,809,826 | | 157,519,857 | |
| Capital Work in progress | | 2,774,699 | | 8,224,598 | |
| | | | 246,584,525 | | 165,744,455 |
| Current Assets, Loans & Advances: | | | | | |
| Inventories | 6 | 375,700,917 | | 196,618,397 | |
| Sundry Debtors | 7 | 9,139,556 | | 21,211,200 | |
| Cash and Bank Balances | 8 | 36,892,496 | | 633,262 | |
| Loans & Advances | 9 | 23,279,829 | | 6,434,612 | |
| | | 445,012,798 | | 224,897,471 | |
| Less: Current Liabilities & Provisions: | | | | | |
| Current Liabilities | 10 | 258,452,800 | | 35,519,331 | |
| Provisions | 11 | 16,049,494 | | 172,240 | |
| | | 274,502,294 | | 35,691,571 | |
| Net Current Assets | | | 170,510,504 | | 189,205,900 |
| | | | 417,095,029 | | 354,950,355 |
| Refer Notes to Accounts | 17 | | | | |

As per our report of even date attached

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Membership No. 40441

Kolkata, Dated: 15 April, 2010

A B Oke
Manager

Arunito Ganguly
Secretary

T V Ramanathan
A K Mukherjee
*Directors*

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

(Figures in Rupees)

| | Sch. Ref. | 2009-2010 Rs. | 2009-2010 Rs. | 2008-2009 Rs. | 2008-2009 Rs. |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales (Incl. scrap Sales) | | 2,636,235,932 | | 1,730,408,640 | |
| Less: Excise Duty | | 217,407,301 | | 194,770,830 | |
| Sales Tax | | 91,835,196 | | 59,387,406 | |
| | | | 2,326,993,436 | | 1,476,250,404 |
| Job Work Charges | | | 68,859,385 | | 51,659,441 |
| [TDS Rs. 14,37,317, Previous year Rs. 12,02,115] | | | | | |
| Other Income | 12 | | 2,232,747 | | 2,079,410 |
| | | | 2,398,085,568 | | 1,529,989,255 |
| **EXPENDITURE** | | | | | |
| Materials Cost & Inventory Adjustment | 13 | 2,047,643,924 | | 1,304,179,833 | |
| Manufacturing Expenses | 14 | 109,210,792 | | 98,076,516 | |
| Personnel Expenses | 15 | 15,622,791 | | 12,178,171 | |
| Selling and Administrative Expenses | 16 | 31,272,430 | | 22,351,505 | |
| Financial Expenses | 17 | 7,611,762 | | 11,175,058 | |
| Depreciation | | 40,918,170 | | 10,310,947 | |
| less withdrawn from revaluation reserve | | (5,170,093) | | (1,757,827) | |
| Preliminary Expenditure Written off | | – | 2,247,109,776 | 164,433 | 1,456,678,636 |
| Profit Before Tax | | | 150,975,791 | | 73,310,619 |
| Less: Provision for Taxation | | | | | |
| – Current | | 53,000,000 | | 25,000,000 | |
| – Deferred | | (1,424,070) | | 658,119 | |
| – Fringe Benefit Tax | | – | 51,575,930 | 250,000 | 25,908,119 |
| Profit After Tax | | | 99,399,861 | | 47,402,500 |
| Less: Short Provision for Taxation of Earlier Years | | | | | |
| Income Tax | | – | | 1,553,355 | |
| Fringe Benefit | | – | – | 110,255 | 1,663,610 |
| Profit For the year | | | 99,399,861 | | 45,738,890 |
| Balance Brought Forward | | | 86,584,389 | | 40,845,499 |
| Amount Available For Appropriation | | | 185,984,250 | | 86,584,389 |
| Appropriations: | | | | | |
| Transfer to General Reserve | | | 12,500,000 | | – |
| Proposed Dividend | | | 13,365,250 | | – |
| Tax on above dividend | | | 2,271,424 | | – |
| Balance Carried forward to Balance Sheet | | | 157,847,576 | | 86,584,389 |
| | | | 185,984,250 | | 86,584,389 |
| Refer notes to Accounts | 17 | | | | |
| Earning Per Share (Refer Note B-11) | | | | | |
| Basic & Diluted | | | Rs. 18.59 | | Rs. 8.56 |
| Face Value | | | Rs. 10.00 | | Rs. 10.00 |

As per our report of even date attached

**For Natvarlal Vepari & Co**
*Chartered Accountants*

**N Jayendran**
*Partner*
Membership No. 40441

Kolkata, Dated: 15 April, 2010

A B Oke
Manager

Arunito Ganguly
Secretary

T V Ramanathan
A K Mukherjee
*Directors*

# STATEMENT OF CASH FLOWS

**for the year ended 31st March 2010**

| | | 2009-2010 Rs. | Rs. | 2008-2009 Rs. | Rs. |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | Net Profit before tax and extra ordinary items | | 150,975,791 | | 73,310,619 |
| | Adjustments for : | | | | |
| | Depreciation | 35,748,077 | | 8,553,120 | |
| | Loss on sale of assets | 14,266 | | 444,668 | |
| | Preliminary Expenses | – | | 164,433 | |
| | Interest and borrowing cost | 7,611,762 | 43,374,105 | 11,175,058 | 20,337,279 |
| | **Operating profit before working capital changes** | | 194,349,896 | | 93,647,899 |
| | Adjustments for: | | | | |
| | Trade and Other receivables | 2,147,654 | | (6,390,245) | |
| | Trade payables Incl. Working Capital Changes | 223,174,049 | | (98,522,001) | |
| | Inventories | (179,082,520) | | 32,654,441 | |
| | **Total of Working Capital Changes** | | 46,239,183 | | (72,257,805) |
| | Cash generated from operations | | 240,589,079 | | 21,390,094 |
| | Taxes Paid | | (59,921,227) | | (31,199,491) |
| | **Net Cash from operating activities** | | 180,667,852 | | (9,809,397) |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| | Purchase of Fixed assets (Incl. Cap Adv) | | (124,998,478) | | (47,193,940) |
| | Sale of fixed asset | | 2,007,996 | | 447,224 |
| | | | – | | – |
| | **Net cash flow after Investing activities** | | (122,990,482) | | (46,746,716) |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Proceeds from borrowings Fixed Period | 48,178,350 | | 38,580,478 | |
| | Proceeds from borrowings Others | (61,984,725) | | | |
| | Proceeds from Fresh Issue of Capital | – | | – | |
| | Interest Paid | (7,611,762) | | (11,175,058) | |
| | **Net cash flow from financing activities** | | (21,418,137) | | 27,405,420 |
| | **NET CASH FLOW (A+B+C)** | | 36,259,233 | | (29,150,693) |
| | Net increase in cash & cash equivalents | | | | |
| | Opening Cash & cash equivalents as at 1 April | | 633,262 | | 29,783,955 |
| | Closing Cash and cash equivalents as at 31st March | | 36,892,496 | | 633,262 |
| | | | 36,259,234 | | (29,150,693) |
| | (figures in Brackets denote outflows) | | | | |
| | **Break up of cash and cash equivalents** | | | | |
| | Cash Balance | | 111,216 | | 113,955 |
| | Balances with Scheduled Banks: | | – | | – |
| | In Current Accounts | | 36,781,280 | | 5,273 |
| | In Fixed Deposit Account | | – | | 514,034 |
| | | | 36,892,496 | | 633,262 |

As per our report of even date

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Membership No. 40441

Kolkata, Dated: 15 April, 2010

A B Oke
Manager

Arunito Ganguly
Secretary

T V Ramanathan
A K Mukherjee
*Directors*

# SCHEDULES 1 TO 17 FORMING PART OF BALANCE SHEET

**AS AT 31ST MARCH 2010**

| | 2009-10 Rs. | 2009-10 Rs | 2008-09 Rs. | 2008-09 Rs |
|---|---|---|---|---|
| **SCHEDULE -1** | | | | |
| **SHARE CAPITAL** | | | | |
| Authorised: | | | | |
| 1,00,00,000 Equity Shares of Rs. 10/- each | | 100,000,000 | | 100,000,000 |
| Issued, Subscribed & Paid up: | | | | |
| 53,46,100 Equity Shares of Rs. 10/- each fully paid up | | 53,461,000 | | 53,461,000 |
| (Out of the above 53,46,100 shares are held by Exide Industries Limited, the holding company) | | | | |
| **PER BALANCE SHEET** | | 53,461,000 | | 53,461,000 |
| **SCHEDULE-2** | | | | |
| **RESERVES AND SURPLUS:** | | | | |
| Securities premium | | 11,525,000 | | 11,525,000 |
| General Reserve | | | | |
| Balance as per last Balance Sheet | – | | – | |
| Transferred from Profit and loss appropriation | 12,500,000 | 12,500,000 | – | – |
| Revaluation Reserve | | | | |
| Balance as per last Balance Sheet | 56,839,938 | | 57,859,985 | |
| Revaluation done during the year | – | | – | |
| Add/(Less) Adjustment | (1,217,974) | | 737,780 | |
| Less Depreciation on Revaluation Reserve (Refer Note 1 in schedule 5 relating to fixed assets) | 5,170,093 | 50,451,871 | 1,757,827 | 56,839,938 |
| Profit & Loss Account | | 157,847,576 | | 86,584,389 |
| **PER BALANCE SHEET** | | 232,324,446 | | 154,949,326 |
| **SCHEDULE-3** | | | | |
| **SECURED LOANS:** | | | | |
| Term Loan from HDFC Bank Ltd (Secured by hypothecation of the Battery Breaking Machine Repayable in a bullet Installment within 3 years from date of loan i.e. 4 Sep 2009.) | | 48,178,350 | | – |
| Cash Credit | | | | |
| - Corporation Bank | | 48,265,950 | | 67,231,013 |
| - HDFC Bank | | – | | 43,019,663 |
| (Secured by the hypothecation of the stocks and book debts and a first charge on the entire fixed assets of the company and corporate guarantee of the holding company) | | | | |
| **PER BALANCE SHEET** | | 96,444,300 | | 110,250,676 |
| **SCHEDULE-4** | | | | |
| **UNSECURED LOANS** | | | | |
| Sales Tax Deferral Scheme (Amount due within 12 Months 54.25 Lacs) | | 27,124,693 | | 27,124,693 |
| **PER BALANCE SHEET** | | 27,124,693 | | 27,124,693 |

**SCHEDULE -5 – FIXED ASSETS**
**For the Year 2009 - 10**

| Particulars | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01.04.2009 Rs. | Additions Rs. | Revaluation of Assets Rs. | Deductions/ adjustment Rs. | As at 31.3.2010 Rs. | As at 01.04.2009 Rs. | For the Year Rs. | Deductions/ adjustment Rs. | As at 31.03.2010 Rs. | As at 31.03.2010 Rs. | As at 01.04.2009 Rs. |
| Free Hold Land | 33,640,000 | – | – | – | 33,640,000 | – | – | – | – | 33,640,000 | 33,640,000 |
| Building | 39,078,140 | 24,506,476 | – | – | 63,584,616 | 3,299,481 | 1,437,328 | – | 4,736,809 | 58,847,807 | 35,778,659 |
| Plant & Machinery | 108,427,959 | 105,634,081 | – | 38,742,648 | 175,319,392 | 22,915,207 | 39,109,983 | 35,502,406 | 26,522,785 | 148,796,608 | 85,512,751 |
| Motor Vehicles | 1,444,400 | – | – | – | 1,444,400 | 434,368 | 137,218 | – | 571,586 | 872,814 | 1,010,032 |
| Computers | 854,613 | 204,000 | – | – | 1,058,613 | 476,469 | 146,735 | – | 623,204 | 435,409 | 378,144 |
| Furniture and Fixtures | 1,332,221 | 103,820 | – | – | 1,436,041 | 131,951 | 86,906 | – | 218,857 | 1,217,184 | 1,200,270 |
| TOTAL | 184,777,333 | 130,448,377 | – | 38,742,648 | 276,483,068 | 27,257,476 | 40,918,170 | 35,502,406 | 32,673,233 | 243,809,825 | 157,519,856 |
| Previous Year | 145,892,197 | 39,582,265 | 737,780 | 1,435,209 | 184,777,333 | 17,489,848 | 10,310,947 | 543,319 | 27,257,476 | 157,519,856 | 128,402,350 |
| Add: Capital Work in Progress Including Capital Advances | | | | | | | | | | 2,774,699 | 8,224,598 |
| | | | | | | | | | | 246,584,524 | 165,744,455 |

**Notes:**

1. The company as revalued all its fixed assets excluding motor vehicles, computers and furniture and fixtures as at 31st MarchedMarch 2008 by approved valuer and has accordingly credited an amount of Rs. 5,78,59,985 to the revaluation reserve being the increase in the value of fixed assets as determined by the approved valuer over its carrying cost.
2. The depreciation on the revalued portion aggregating to Rs. 51,70,093/- (P.Y. year Rs. 17,57,827) has been charged to the profit and loss account and an equivalent amount is drawn from the revaluation reserve and credited to the profit and loss account.
3. Estimated amount of contracts remaining to be executed on capital account. (Net of Capital Advances) Rs.30,00,000 (P.Y. Rs. 6,83,95,000).

| | 31.03.2010 Rs. | Rs. | 31.03.2009 Rs. | Rs |
|---|---|---|---|---|
| **SCHEDULE -6** | | | | |
| **INVENTORY:** | | | | |
| **(As taken, valued & certified by the Management)** | | | | |
| Raw Materials | | 268,201,998 | | 178,718,146 |
| Work In Progress | | 77,149,842 | | 15,736,792 |
| Finished Goods | | 4,648,103 | | 160,412 |
| Goods in Transit | | 24,369,502 | | 1,493,014 |
| Fuels & Consumables | | 1,331,473 | | 510,033 |
| **PER BALANCE SHEET** | | 375,700,917 | | 196,618,397 |
| **SCHEDULE-7** | | | | |
| **SUNDRY DEBTORS** | | | | |
| (Unsecured, considered Good) | | | | |
| Refer Note B5 | | | | |
| Outstanding for more than six months | | 252,516 | | 1,405,296 |
| Others Debts | | 8,887,040 | | 19,805,904 |
| **PER BALANCE SHEET** | | 9,139,556 | | 21,211,200 |

| | 31.03.2010 | | 31.03.2009 | |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| **SCHEDULE-8** | | | | |
| **CASH AND BANK BALANCES** | | | | |
| Cash Balances | | 111,216 | | 113,955 |
| Balances with Scheduled Banks: | | | | |
| In Current Accounts with scheduled banks | | 36,781,280 | | 5,273 |
| In Fixed Deposit Account (As Margin Money Against LC/Bank Guarantee) | | – | | 514,034 |
| **PER BALANCE SHEET** | | 36,892,496 | | 633,262 |
| **SCHEDULE-9** | | | | |
| **LOANS & ADVANCES** | | | | |
| (Unsecured, considered Good) | | | | |
| Advances Receivable in Cash or in kind or for Value to be received | | 2,029,774 | | 766,977 |
| Advance to Suppliers | | 2.985,104 | | 785,163 |
| Balance with Excise Authorities | | 6,452,674 | | 1,939,422 |
| Deposits | | 3,628,040 | | 1,680,040 |
| Prepaid Taxes | 95,655,182 | | 35,733,955 | |
| Less: Provision for Tax | 87,470,945 | 8,184,237 | 34,470,945 | 1,263,010 |
| **PER BALANCE SHEET** | | 23,279,829 | | 6,434,612 |
| **SCHEDULE-10** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Sundry Creditors for Goods And Expenses | | | | |
| – Micro Small and Medium Enterprises (Refer Note B6) | | 23,269,126 | | – |
| – Others | | 231,948,815 | | 33,083,073 |
| Advances from Customers | | 197,938 | | 522,151 |
| Duties & Taxes Payables | | 3,036,921 | | 1,914,107 |
| **PER BALANCE SHEET** | | 258,452,800 | | 35,519,331 |
| **SCHEDULE-11** | | | | |
| **PROVISIONS** | | | | |
| Proposed Deivdend | | 13,365,250 | | – |
| Corporate Tax on Dividend | | 2,271,424 | | – |
| Provision for Staff Benefits | | | | |
| – Leave Enchashment | 148,954 | | – | |
| – Gratuity | 263,866 | 412,820 | 172,240 | 172,240 |
| | | 16,049,494 | | 172,240 |
| **SCHEDULE-12** | | | | |
| **OTHER INCOME** | | | | |
| Service Charges Received | | – | | 43,403 |
| Cash Discount Received | | – | | 187,163 |
| Sundry Balance Written Back | | – | | 1,781,238 |
| Interest Income | | 149,467 | | 67,607 |
| Foreign Exchange Gain/(Loss) Net | | 1,111,054 | | – |
| Profit on sale of Assets Scrapped | | 972,226 | | – |
| **PER PROFIT AND LOSS ACCOUNT** | | 2,232,747 | | 2,079,410 |

| | 31.03.2010 | | 31.03.2009 | |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs |
| **SCHEDULE-13** | | | | |
| **MATERIAL COST AND INVENTORY ADJUSTMENTS** | | | | |
| Raw Materials Consumed | | | | |
| Opening Stock | 180,211,160 | | 219,084,510 | |
| Add : Purchases (Net of Discount) | 2,225,905,005 | | 1,271,852,181 | |
| Less Closing Stock | 292,571,500 | 2,113,544,665 | 180,211,160 | 1,310,725,531 |
| Inventory Adjustments - Work In Progress | | | | |
| Work in progress at Opening | 15,736,792 | | 4,372,040 | |
| Work in progress at Closing | 77,149,842 | (61,413,050) | 15,736,792 | (11,364,752) |
| Inventory Adjustments - Finished Goods | | | | |
| Stock at Commencement | 160,412 | | 4,979,466 | |
| Less: Stock at Closing | 4,648,103 | (4,487,691) | 160,412 | 4,819,054 |
| PER PROFIT AND LOSS ACCOUNT | | 2,047,643,924 | | 1,304,179,833 |
| **SCHEDULE-14** | | | | |
| **MANUFACTURING EXPENSES** | | | | |
| Consumption of stores and Spares | | 2,796,211 | | 2,627,144 |
| Labour Charges | | 17,706,735 | | 15,663,033 |
| Power & Fuel | | 62,298,494 | | 52,408,520 |
| Repairs & Maintenance | | 13,934,930 | | 17,147,248 |
| Hire Charges | | 5,181,821 | | 3,275,965 |
| Watch & Ward Expenses | | 2,491,395 | | 1,662,198 |
| Water Charges | | 214,000 | | 235,675 |
| Factory Misc Charges | | 35,641 | | 597,584 |
| Battery Breaking Charges | | 3,342,474 | | 4,072,461 |
| Waste Management Expenses | | 1,209,091 | | 386,687 |
| PER PROFIT AND LOSS ACCOUNT | | 109,210,792 | | 98,076,516 |
| **SCHEDULE-15** | | | | |
| **PERSONNEL EXPENSES** | | | | |
| Salary, Bonus, Perquisites, etc | | 12,206,033 | | 9,496,146 |
| Contribution to Employees welfare funds | | 745,034 | | 479,784 |
| Staff Welfare expenses | | 2,671,724 | | 2,202,241 |
| **PER PROFIT AND LOSS ACCOUNT** | | 15,622,791 | | 12,178,171 |
| **SCHEDULE-16** | | | | |
| **SELLING AND ADMINISTRATIVE EXPENSES** | | | | |
| Remuneration To Auditors: | | | | |
| - Audit Fees | 200,000 | | 125,000 | |
| - Tax Audit | 50,000 | | 25,000 | |
| - Out of Pocket Expenses | 25,400 | 275,400 | 23,070 | 173,070 |
| Bad Debts | | – | | 627,449 |
| Communication Expenses | | 321,864 | | 311,778 |
| CSR Activity Exp | | 1,384,199 | | – |
| Conveyance Expenses | | 760,085 | | 614,975 |
| Discount Allowed | | – | | – |
| Donation | | 41,002 | | 43,001 |
| Duties & Taxes | | 570,415 | | 384,765 |

| | 31.03.2010 | | 31.03.2009 | |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs |
| Entertainment expenses | | – | | 260,144 |
| Freight Outward | | 19,438,474 | | 11,231,322 |
| General Expenses | | 1,163,564 | | 241,828 |
| Guest House Maint | | 193,006 | | 168,492 |
| Insurance | | 626,583 | | 445,645 |
| Loss on sale of asset | | 986,492 | | 444,668 |
| Printing & Stationery | | 230,818 | | 196,465 |
| Professional & Consultancy Charges | | 1,447,336 | | 1,395,816 |
| Repair & Maintenance | | | | |
| - Building | | 212,439 | | 2,100,899 |
| - Others | | 365,265 | | 582,564 |
| Rent Rates & Taxes | | 2,590,489 | | 2,288,909 |
| Testing Charges | | 243,475 | | 26,669 |
| Transportation Expenses | | – | | – |
| Travelling Expenses | | 242,313 | | 590,770 |
| Vehicle Maintenance | | 179,212 | | 222,277 |
| PER PROFIT AND LOSS ACCOUNT | | 31,272,430 | | 22,351,505 |
| SCHEDULE-17 | | | | |
| FINANCIAL EXPENSES | | | | |
| Bank Charges | | 821,742 | | 675,513 |
| Interest on Fixed Period Loans | | 1,979,140 | | 95,025 |
| interest on Other Bank Borrowings | | 4,633,312 | | 10,395,341 |
| Other Interest | | 177,567 | | 9,179 |
| PER PROFIT AND LOSS ACCOUNT | | 7,611,762 | | 11,175,058 |

## SCHEDULE -17

## ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

### A. ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and Section 211 (3C) of the Companies Act, 1956 ('the Act'). The accounting policies discussed more fully below, are consistent with those used in the previous year excepting relating to depreciation of fixed assets.

b) **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) **Inflation**

Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money.

d) **Fixed Assets**

i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/Service Tax credit availed.

ii. Revalued assets are stated at revalued amounts.

iii. Costs comprise the purchase price and attributable costs of bringing the asset to its working condition for its intended use.

iv. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.

e) **Depreciation and Amortisation**

Depreciation on all assets of the Company is charged on straight line method over the useful life of assets at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year.

Depreciation on revalued amounts is withdrawn from the revaluation reserve and credited to the profit and loss account.

f) **Impairment of assets**

On an annual basis the company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. The recoverable amount is higher of an asset's net selling price and value in use. Value is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired.

The impairment loss recognized in the prior accounting is reversed if there has been a change in the estimate of recoverable amount.

g) **Inventories**

Items of inventories are valued on the basis given below:

| | |
|---|---|
| Raw Materials and Packing Materials | At lower of Cost net of VAT and CENVAT computed on Weighted Average method or net realizable value. |
| Work-in-progress and Finished Goods | At cost including material cost, labour cost and all overheads other than selling and distribution overheads, for work-in-process and the same or realisable value, whichever is lower in case of finished goods. Excise duty is considered as cost for finished goods wherever applicable. |

h) **Retirement Benefits**

i. Retirement benefit in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.

ii. Gratuity Liability and Leave Encashment is defined benefit obligations and is provided on the basis of an actuarial valuation made at the end of each year/period. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

i) **CENVAT Credit/Service Tax Credit**

CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year end is considered as advance excise duty.

Service tax credit utilised during the year towards excise liability is accounted in excise duty and unutilised service tax credit at the year-end is considered as advance Excise Duty.

j) **Sales**

Sales are inclusive of scrap sales are include excise duty and sales tax.

k) **Foreign Exchange Transactions**

Foreign currency transactions

*Initial recognition*

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*Conversion*
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

l) **Taxation**
Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflect the impact of current year/period timing differences between taxable income and accounting income for the year/period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become resonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

m) **Earnings per share**
Basic and diluted earnings per share are calculated by dividing the net profit for the year/period attributed to equity shareholders by the weighted average number of equity shares outstanding during the year/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.

n) **Provisions, Contingent Liabilities and Contingent Assets**
A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor disclosed in financial statements.

o) **Cash and cash equivalents**
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

B. **OTHER NOTES**

| Contingent Liabilities | 31.03.2010 Rupees | 31.03.2009 Rupees |
|---|---|---|
| 1. Contingent liabilities not provided for in respect of | | |
| a) Other money for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the company. | 647,420 | 13,95,153 |
| Claims not acknowledged as debts | Not Ascertainable | |

2. Additional information pursuant to paragraphs 3, 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

(A) Details of Production for Each Class of Goods

| Goods Manufactured | | Installed Capacity | 2009-10 | | 2008-09 | |
|---|---|---|---|---|---|---|
| | | | Co's | Customer | Co's | Customer |
| Lead & Lead Alloys | MT | 36000 | 22,267 | 4,351 | 13,124 | 3,584 |

Notes:

a) Installed capacity, being of a technical nature is not verified by the Auditors.

b) Figures for changes in installed capacity are given in Brackets.

(B) Stock of Each Class of Finished Goods:

| Particulars | UOM | 2009-10 | | 2008-09 | |
|---|---|---|---|---|---|
| | | Qty. | Rs. | Qty | Rs. |
| Lead & Lead Alloys | MT | 47.195 | 46,48,103 | 1.9 | 160,412 |

(C) Sales in respect of Each Class of Finished Goods:

| Particulars | UOM | 2009-10 | | 2008-09 | |
|---|---|---|---|---|---|
| | | Qty. | Rs. | Qty | Rs. |
| Lead & Lead Alloys | MT | 22,222.157 | 2,30,03,44,562 | 13,159.145 | 1,45,69,87,592 |
| Scrap Sales | | | 2,66,48,874 | | 1,92,48,811 |
| Total | | | 2,32,69,93,436 | | 147,62,50,403 |

(D) Raw Materials Consumed:

| Particulars | Units | 2009-10 | | 2008-09 | |
|---|---|---|---|---|---|
| | | Quantity | Rs. | Quantity | Rs. |
| Unrefined Lead | MT | 5,444 | 44,76,26,511 | 8,075 | 74,68,54,807 |
| Scrap batteries | MT | 14,310 | 67,81,02,031 | 8,441 | 41,55,54,564 |
| HGP Dust | MT | – | – | 407 | 1,63,40,852 |
| TIN | MT | 51 | 4,07,94,426 | 26 | 2,25,77,479 |
| Pure Lead | MT | 8,902 | 83,11,23,331 | | |
| Others (None of which individually forms more than 10% of the total consumption.) | | | 11,58,98,366 | | 10,93,97,829 |
| | | | 2,11,35,44,665 | | 131,07,25,531 |

(E) Raw Materials Consumed:

| Particulars | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | Rs. | Percentage | Rs. | Percentage |
| Raw materials: | | | | |
| Imported | 13,62,47,097 | 6.44 | 14,23,70,461 | 10.87 |
| Indigenous | 1,97,72,97,568 | 93.56 | 1,16,83,55,070 | 89.13 |
| | 2,11,35,44,665 | 100.00 | 131,07,25,531 | 100.00 |

(F) Value of Imports on CIF basis:

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| | Rs. | Rs. |
| Raw materials | 10,88,34,123 | 14,23,70,461 |
| Spares & Consumables | 448,310 | 413,789 |
| Machinery | 5,36,66,928 | NIL |

(G) FOB Value of exports:

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| | Rs. | Rs. |
| Lead and Lead alloys | 72,36,697 | 24,76,356 |

(H) Expenditure in foreign currency

| Particulars | 2009-10 | 2008-09 |
|---|---|---|
| | Rs. | Rs. |
| Membership & Subscription | 24,414 | 65,438 |

3. Break-up of Deferred tax assets and liabilities are as under:

| Particulars | As at | As at |
|---|---|---|
| | 31.03.2010 | 31.03.2009 |
| | Rs. | Rs. |
| Deferred tax liability on account of Depreciation | 78,77,717 | 92,68,058 |
| Deferred tax asset on account of Gratuity | 87,650 | 103,398 |
| Leave Encashment | 49,478 | – |
| Net deferred tax liability | 77,40,589 | 91,64,660 |

4. Sundry Debtors includes a sum of Rs. 71,62,614 (Previous year Rs. 208,28,405/-) being the net amount due (net of transactions of purchases) from the holding company which represents amounts due only on trade account.

5. Disclosure in accordance with section 22 of Micro Small and Medium Enterprises Development act 2006.

| Particulars | Current Year | Previous Yeas |
|---|---|---|
| Principal Amount remaining unpaid | 2,32,69,126 | – |
| Interest Due thereon | 51,915 | – |
| Interest in terms of section 16 | – | – |
| Interest due and payable for the period of delay in payment | – | – |
| Interest accrued and remaining unpaid | 51,915 | – |
| Interest due and payable even in succeeding years | – | – |

The company has compiled the above information based on written confirmations from suppliers and have been determined to the extent such parties have been identified on the basis of the information available with the company. This has been relied upon by the auditors.

6. The Company has carried out the exercise of assessment of any impairment to its fixed assets as on the Balance Sheet date. Pursuant to such exercise it is determined that there has been no impairment to its fixed assets during the year.

7. The management has during the year reviewed the balance useful life of the Stationery furnace plant and based on technical estimates and has determined that there is no balance useful life for the same. Accordingly the company has depreciated the entire balance amount of its net book value in its books. On account of this change the depreciation for the year is higher by Rs. 26,923,381 and consequently the profit before tax is lower by an equal amount. The asset was later scrapped during the year.

8. The following table summarises the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet.

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| Profit and loss account | | |
| Net employee benefit expense (recognised in Personnel costs) | | |
| Current Service Cost | 81,377 | 84,375 |
| Interest Cost | 19,021 | 12,257 |
| Actuarial loss/(Gain) | (8,772) | 6,766 |
| Total | 91,676 | 103,398 |

The provision for gratuity at March 31, 2010 aggregate Rs. 263,866.

The changes in the present value of the defined benefit obligation are as follows

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| Gratuity Cost for the year | | |
| Defined benefit obligation, at March 31, 2009 | 172,240 | 68,842 |
| Current service Cost | 81,377 | 84,375 |
| interest Cost | 19,021 | 12,257 |
| Actuarial loss (Gain) | (8,772) | 6,766 |
| Defined benefit obligation, at March 31, 2010 | 263,866 | 172,240 |

The company's gratuity obligation is fully unfunded. The principal assumptions used in determining the gratuity obligations are as follows:

| Assumptions | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| Interest rate | 8.25% | 8.00% |
| Expected rate of return on plan assets | Not applicable | Not applicable |
| Expected rate of salary increase | 5% | 5% |
| Attrition rate | 2% | 2% |
| Retirement age | 58 years | 58 years |

Note:

1) The estimates 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.

ii) the Company's gratuity and Leave Encashment liability is entirely unfunded.

9. Managerial Remuneration:

i) Managerial remuneration under Section 198 of the Companies Act, 1956

| | | |
|---|---|---|
| Salary to Manager (w.e.f. 13th January 2009) | 16,04,448 | 330,836 |
| Salary to Directors | Nil | Nil |
| Total | 16,04,448 | 330,836 |

Computation of Net Profit as per Section 349 read

ii) With Section 309 (5) of the Companies Act, 1956.

| | | | |
|---|---|---|---|
| Profit after taxation as per Profit and Loss account | | 9,93,99,861 | 4,57,38,890 |
| Add: | Provision for taxation (incl. short/excess provision for earlier years) | | |
| | Depreciation as per accounts | 3,57,48,079 | 85,53,120 |
| | Directors' remuneration (including sitting fees) | Nil | Nil |
| | Managers' remuneration | – | 330,836 |
| | Commission to Directors | Nil | Nil |
| Less: | depreciation under Section 350 | 3,57,48,079 | 85,53,120 |
| Net Profit | | 9,93,99,861 | 7,36,41,255 |
| Overall ceiling on Managerial remuneration under Section 198 of the Companies Act, 1956. | | 99,39,986 | 73,64,125 |
| Total Managerial remuneration paid/payable during the year | | 16,04,448 | 330,836 |

10. Earning per share
The Company has not issued any potential diluted equity share and therefore the Basic and Diluted earning per Share will be the same. The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding.

| Sr. no | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| a. | Profit after tax (Rs. in lacs) | 9,93,99,861 | 4,74,02,501 |
| | Equity Shares Outstanding (Nos.) | 53,46,100 | 53,46,100 |
| | Weighted Average no. of shares outstanding (Nos.) | 53,46,100 | 53,46,100 |
| | Nominal value of equity share (Rs.) | 10 | 10 |
| | **Earning per share (Rs.)** | **18,59** | **8.56** |

11. Disclosure under Accounting Standard - 19 "Leases", Issued by the Institute of Chartered Accountants of India.

The Company has taken various residential/godowns/office premises (including Furniture and Fittings if any) under leave and licence agreements. These generally range between 11 months to 3 years under leave and licence basis. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Profit and Loss Accounts under Rent, Rates and Taxes.

The company has taken a plant on an operating lease and the future minimum committed lease rentals are given as follows:

| Period | 2009-10 | 2008-09 |
|---|---|---|
| Payable not later than one year | 10,78,000 | – |
| Payable between one to five years | 47,04,000 | – |
| Payable after five years | – | – |

12. The entire operations of the Company relate to only one segment viz. Lead Smeltors and Refiners. As such, there is no separate reportable segment under Accounting Standard-AS 17 on Segment Reporting.

13. Related Party Disclosure as required by Accounting Standard - AS 18 issued by the Institute of Chartered Accountants of India.

**Relationships:**

A. Entities where Control exist
**Holding Companies**
Exide Industries Limited
**Fellow Subsidiaries**
Associated Battery Manufacturer (Ceylon) Ltd.

B. **Key management Personnel**
Mr. A B Oke - Manager (w.e.f 13th Jan 2009)

Transactions with Related Parties
(Rupees)

| Description | 2009-10 | 2008-09 |
|---|---|---|
| Purchase of goods and service<br>Exide Industries Limited | 80,36,91,519 | 61,53,62,285 |
| Sales of goods<br>Exide Industries Limited | 2,59,11,10,274 | 1,70,78,50,769 |
| Sale of Asset<br>Exide Industries Limited | 266,038 | – |
| Export Sales<br>Associated battery Manufacturer (Ceylon) Ltd | 74,38,760 | 25,58,722 |
| Job Work Charges Received<br>Exide Industries Limited | 6,88,71,184 | 5,15,47,934 |
| Service Charges Received<br>Exide Industries Limited | Nil | 59,06,761 |
| Purchase of fixed assets<br>Exide Industries Limited | 5,000 | 720,068 |
| Remuneration to Key Managerial Personnel<br>A. B. Oke | 16,04,448 | 330,836 |
| Balances as on 31st March 2010<br>Receivables | 71,62,614 | 2,08,28,405 |
| Exide Industries Limited (Trade Transactions Payables)<br>Exide Industries Limited | Nil | Nil |

14. There are no transactions of loans and advances in the nature of loan to subsidiaries, associates etc. as required under listing agreement and the investments by the loanee in the share of the company.

15. (a) Foreign currency exposure un-hedged as at 31st march, 2010 is Rs. 20,36,275 (Previous Year Rs. Nil) receivable and Rs.382,92,057 (Previous Year Rs. Nil) payables.

    (b) In respect of currency swap derivative contracts entered into by the company, the company has fully covered its outstanding borrowings in respect of its long term loan. Hence no effect of exchange fluctuations has been given for the same.

16. Loss on exchange difference on translation of foreign exchange transaction debited to material consumed account is Rs. 418,806/- (Previous year Rs. 48,387/-).

17. The company has continued the accounting of the transactions in foreign currency as per AS-11. Effects for changes in foreign Exchange and not to exercise the option relating to the deferment of exchange differences on long term liabilities.

18. In the opinion of the Board of Directors, all the current assets, loans & advances have value on realisation atleast of an amount equal to the amount at which they are stated in the Balance Sheet.

19. Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable.

As per our report of even date attached

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Membership No. 40441

Kolkata, Dated: 15 April, 2010

A B Oke
Manager

Arunito Ganguly
Secretary

T V Ramanathan
A K Mukherjee
*Directors*

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

I. Registration details

Registration No. 01312 6 State Code 11

Balance Sheet 31 03 2010
Date Month Year

Public issue

NIL NIL

II. Position of mobilisation and deployment of funds

(Amount in Rs. Thousands)

Total Liabilities 691597 Total Assets 691597

Sources of Funds

Paid-Up Capital 53461 Reserves & Surplus 232324

Secured Loans 96444 Unsecured Loans 27125

Deferred Tax Liability 7741

Application of Funds

Net Fixed Assets 24658 5 Investments

Net Current Assets 170510 Misc Expenditure

Accumulated Losses NIL

III. Performance of Company (Amount in Rs. Thousands)

Turnover 2398086 Total Expenditure 2247110

+ - Profit/Loss Before Tax 15976 + - Profit/Loss After Tax 99400

(Please tick appropriate box + for Profit, - for Loss

* Earning Per Share in Rs. 18.59

**Dividend Rate % 25

Item Code No. (ITC Code)

Product Description LEAD ALLOYS

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Note: Classification of products/services under ITC code being of a technical nature is not verified by the Auditors.

Kolkata, Dated: 15 April, 2010

A B Oke
Manager

Arunito Ganguly
Secretary

T V Ramanathan
A K Mukherjee
*Directors*

# LEADAGE ALLOYS INDIA LIMITED

## DIRECTORS

T. V. Ramanathan, Chairman

T Arun Kumar

T Raj Kumar (upto 31st March, 2010)

G Chatterjee

P K Kataky

## REGISTERED OFFICE

60, Seethanayakanahalli
Malur Taluk
Kolar District - 563 130
Karnataka

## BANKERS

HDFC Bank Limited
Punjab National Bank

## AUDITORS

Natvarlal Vepari & Co
Chartered Accountants
Oricon House, 4th Floor
12K Dubhash Marg
Mumbai - 400 023

# DIRECTORS' REPORT

**To the Members of Leadage Alloys India Ltd.**

Your Directors have pleasure in presenting the Seventh Annual Report of your company together with the Audited Accounts for the year ended March 31, 2010.

Financial Highlights

| PARTICULARS | 2009-10 Rs in Lacs | 2008-09 Rs in Lacs |
|---|---|---|
| **Sales and Income from Operations** | **54,644.29** | **44,372.08** |
| Other Income | 33.08 | 18.05 |
| Total Income | 54,677.37 | 44,390.12 |
| **Total Expenses (excluding depreciation)** | **49,181.97** | **43,557.08** |
| Profit before Tax & Depreciation | 5,495.40 | 833.04 |
| Depreciation provided during the period | 121.58 | 88.03 |
| **Profit before Tax** | **5,373.82** | **745.01** |
| Provision for Taxation | 1,852.14 | 263.00 |
| **Profit after Tax** | **3,521.67** | **482.01** |
| Add: Balance brought forward from previous year | 1,217.41 | 844.25 |
| Total | 4,739.08 | 1,326.26 |
| **Less: Appropriation:** | | |
| Proposed Dividend | 468.00 | – |
| Tax on dividend | 79.54 | – |
| Transfer to General Reserve | 375.00 | 108.85 |
| **Balance Carried Over to Balance Sheet** | **3,816.54** | **1,217.41** |

**Operations**

Your Company has achieved a turnover of Rs. 54644.29 lacs, representing an increase of over 23% as compared to the previous year.

Your Company successfully installed and commissioned Oxy Fuel Combustion system during September, 2009. Your Company has taken steps to install an automatic battery breaking plant for better environment management.

Your Company was able to achieve a plant capacity of 58,779 M.T. for production of Lead and Lead alloys which was 98% of the installed capacity. The Company has enhanced the smelting capacity to 17038 M.T.

**Operational Excellence:**

Your Company has obtained certification for environment management system under ISO 14001:2004 and ISO 9001:2000 certificates for quality management from TUV SUD South Asia Pvt. Ltd.

Your Company intends to go for Occupational Health & Safety Advisory Services (OHSAS) in the coming year.

**Internal Controls**

Your Company has proper and adequate system of internal controls. The Internal audit team conducts both Systems and Financial audit which are carried out in two phases.

**Dividend**
Your Directors recommend a dividend of 100% i.e., Rs. 10/- per equity share of the face value of Rs 10/- each.

**Fixed Deposits**
Your Company has not accepted any deposits from the public.

**Directors**
Mr. T. Rajkumar, Director-Technical resigned with effect from the close of business hours of 31st March, 2010 due to his personal commitments. Your Directors place on record their appreciation for the valuable services

Mr G Chatterjee retires by rotation and, being eligible, offers himself for re-appointment.

None of the Directors of your Company are disqualified for being appointed as Directors pursuant to Section 274(1)(g) of the Companies Act, 1956.

**Corporate Social Responsibility:**
Your Company continues to believe that it has societal obligations which it must fulfill in order to remain a responsible corporate citizen of the country. Your Company celebrated its third environment day along with nearby villages, spreading the message of green and clean environment, which is the need of the hour. In order to spread the message of green and clean environment your Company conducted painting competition in schools located adjacent to the factory at Seethanayakanahalli village.

Your Company has also distributed uniforms and study materials to the students of Anganvadi School and various initiatives were taken to create awareness about the environment among the children and local villagers on the occasion of World Environment Day. Tree saplings were also distributed among students and Village Self Help Group.

Your Company has also contributed library books to JSR College Malur to encourage the value of education in rural areas.

A Magazine by the name of 'Green Age' was released on the World Environment day, which contains various articles on environment written by our own employees.

**Auditors**
The Auditors, Messrs Natvarlal Vepari & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible under Section 224(1B) of the Companies Act, 1956, offer themselves for re-appointment.

**Information under Section 217(1)(e) of the Companies Act, 1956**
The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo are attached hereto.

**Employees**
Employee relations in the plant continued to remain harmonious and your Directors take this opportunity to record their sincere appreciation of the efforts put in by the workers, staff and officers at all levels for their contribution to the success achieved by the Company.

Particulars of employees drawing remuneration more than the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the period under review is attached to this Report.

| Name & Age (Years) | Designation & Nature of Duties | Gross Remuneration (Rs) | Qualification & Experience /Years | Date of Employment | Particulars of last Employment |
|---|---|---|---|---|---|
| T Arun Kumar (33) | Managing Director and Chief Executive Officer | 1,18,67,500 | BE (Chemical)/ 11 years | 25.09.2002 | Not Applicable |
| T Raj Kumar (31) | Director-Technical | 1,12,67,500 | BE (Chemical)/ 8 years | 25.09.2002 | Not Applicable |

**Notes:**
1. Gross remuneration includes value of perquisite evaluated as per Income Tax Act, 1961.
2. All appointments are contractual.
3. The above Directors are related to each other. They are not related to any other Director of the Company.

**Compliance Certificate**

Pursuant to the provisions of Sub-section (1) of Section 383A of the Companies Act, 1956 the Compliance Certificate issued by Mr. S Muthu Raju, Company Secretary in Whole-time Practice is attached.

**Directors' Responsibility Statement Pursuant to Section 217(2AA) of the Companies Act, 1956**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors state:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

ii. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;

iii. That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. That the Directors have prepared the annual accounts on a going concern basis.

On behalf of the Board of Directors

Place: Kolkata
Date: 15th April, 2010

T V Ramanathan
Chairman

# ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

**A. Conservation of Energy**

Close monitoring of consumption of electricity, LPG, Diesel.

Optimisation of fuel in process by retrofitting the old conventional burners with fully automatic burners in all rotary furnaces resulting in 30% reduction in fuel consumption.

Process is on to replace the entire street lights with solar lights and installation of solar water heating system for canteen resulting in fuel saving by the use of non-conventional energy.

Capacitor banks were installed and power factor improved from 0.78 to 0.98 and maintained since.

Replacement of all the driving units in the refining kettle from gear drive with belt drives resulted in 12% fuel saving. Replacement of conventional burner with fully automatic burner led to 10% saving in fuel.

The compressed air consumption was reduced drastically by arresting leaks in air pollution control equipments in smelting process.

Switched over from manual casting to semi automatic casting system in refining kettles to reduce the fuel consumption by 40%.

Pressure regulators were fitted in LPG cylinders and air pipelines resulting in cost saving.

Replacement of 250W Sodium Street light with 120W CFL street lamps as an energy saving measure.

**B. Technology Absorption, Research & Development**

The Company has neither imported any technology nor has any technical collaboration with any party. Though the Company does not have any separate Research & Development Department but it carries out innovations, up-gradation and improvements in technology through in-house efforts of its engineer and technical personnel.

**C. Foreign Exchange Earnings and outgo**

1. Exports during the year ended 31st March 2010 amounted to Rs 62 lakhs as against Rs 20 lakhs for the year ended 31st March 2009.

   Presently the entire capacity of your company caters to the domestic market. After acquiring surplus production capacity after catering to the domestic market your company would endeavour to develop the export market.

   Total foreign exchange used and earned:

   Used : Rs 36,033 Lakhs

   Earned : Rs 62 Lakhs.

On behalf of the Board of Directors

Place: Kolkata
Date: 15th April, 2010

T V Ramanathan
Chairman

# COMPLIANCE CERTIFICATE

CIN : U05190KA2002PLC031042

Nominal capital : Rs. 50,000,000/-

Paid-up capital : Rs. 46,800,000/-

TO
The Members,
Leadage Alloys India Limited,
No. 60, Seethanayakanahalli,
Malur Taluk, Kolar District,
Karnataka - 563130

I have examined the registers, records, books and papers of Leadage Alloys India Limited as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the memorandum and articles of association of the company for the financial year ended on 31st March, 2010.

In my opinion and to the best of my information and according to the examination carried out by me and explanations furnished to me by the company it's officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in ANNEXURE "A" to this certificate, as per the provisions of the act and the rules made there under and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in ANNEXURE "B" to this certificate, with the registrar of companies under the act and the rules made there under.
3. The company being a public limited company has the minimum prescribed paid-up capital.
4. The board of directors met FOUR times respectively on the following dates

   17.04.2009, 24.07.2009, 16.11.2009 & 25.03.2010

   In respect of which proper notice were given and proceedings were properly recorded and signed in the minutes book maintained for the purpose.
5. The company has closed its register of members in accordance with section 154 of the Act.
6. The annual general meeting for the financial year ended on 31.03.2009 was held on 01.06.2009 after giving due notice to the members of the company and the resolution passed there at were duly recorded in the minutes books maintained for this purpose.
7. No extraordinary general meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred in to section 295 of the act.
9. According to the information given to me the company has complied with the provisions of section 297 of the act wherever applicable.
10. The company has made necessary entries in the register maintained under section 301 of the act.
11. As there was no instance falling within the purview of section 314 of the act, the company has not obtained any approvals from the board of directors, members or central govt.
12. The company has not issued any duplicate share certificates during the financial year.
13. The company has
    1) delivered all the certificates on lodgement thereof for transfer/ transmission or any other purpose in accordance with the provisions of the act;
    2) the company is not required to deposit any amount in a separate bank account;
    3) the company was not required to post warrants to any member of the company;
    4) duly complied with requirements of section 217 of the act.
14. The board of directors of the company is duly constituted.
15. The appointment of managing director/whole time director/manager has been made in compliance with the provisions of section 269 read with schedule XIII to the act.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the central government,

company law board, regional director, registrar or such other authorities as prescribed under the various provisions of the act during the financial year.

18. The directors have disclosed their interest in other firms/companies to the board of directors pursuant to the provisions of the act and the rules made there under.
19. The company has not issued any shares during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There was no transaction necessitating the company to keep in abeyance the rights to dividend, right shares, and bonus shares pending registration of transfer of shares.
23. The company has not accepted any Deposits under the purview of section 58A of the Act.
24. The company's borrowings during the financial year is with in the limits prescribed under section 293(1)(d) of the act.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The company has not altered the provisions of memorandum of association with respect to the situation of the company's registered office from one state to another state during the year under scrutiny.
27. The company has not altered the provisions of memorandum of association of the company with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of memorandum of association of the company with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provisions of memorandum of association of the company with respect to capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the financial year.
31. There were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishments was imposed on the company during the financial year for offences under the act.
32. The company has not received any money as security from its employees during the financial year.
33. The company is regular in depositing the dues to Provident Fund Authorities during the year under The Provident Fund Act and related rules.

S Muthuraju
Company Secretaries
C.P. No: 4181

Place: MADURAI
Date: 12/04/2010

**ANNEXURE A**

REGISTERS MAINTAINED BY THE COMPANY

Register of member u/s. 150
Register of transfer
Register of contracts u/s. 301
Register of directors, managing directors etc. u/s 303
Register of directors shareholding u/s 307
Minutes book of general meetings and board meeting u/s 193
Directors attendance register
Register of charges

**ANNEXURE B**

Forms and returns as filed by the company with registrar of companies, regional director, central government or other authorities during the financial year ending 31.03.2010.

| S/NO | FORM NO | FILED US/ | DATE OF FILING | WHETHER FILED WITHIN TIME |
|---|---|---|---|---|
| 1. | 8 | 125 | 18.01.2010 | YES |
| 2. | 20B | 159 | 01-07-2009 | YES |
| 3. | 23AC & ACA | 220 | 01-07-2009 | YES |
| 4. | 66 | 383A | 01-07-2009 | YES |

S Muthuraju
Company Secretaries
C.P. No: 4181

Place: MADURAI
Date: 12.04.2010

# AUDITORS' REPORT

To
The Members of
Leadage Alloys India Ltd.

1. We have audited the attached Balance Sheet of **Leadage Alloys India Limited** as at 31st March, 2010 Profit and Loss Account and the cash flow Statements of the Company for year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure Statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

   i) 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.

   ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.

   iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

   iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v) On the basis of the written representation received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of Sub-section 274 of the Companies Act, 1956.

   vi) In our opinion and to the best of our information and according to the explanation given to us, the accounts read with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

      (a) in the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2010 and

      (b) in the case of Profit and Loss Account of the Profit for the year ended on 31st March 2010 and

      (c) in the case of the cash flow statement of the cash flow for the year ended on 31st March 2010.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
(Partner)
M. No. 40441

Place: Kolkata
Dated: April 15, 2010

# ANNEXURE TO AUDITORS' REPORT

**(Referred to in our report of even date)**

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The fixed assets have been physically verified by the management at reasonable intervals and any material discrepancies noticed on such verification have been properly dealt with in the books of account;

(c) The Company has not disposed off any substantial part of fixed assets.

(ii) (a) Stock of finished goods, stores, spare parts and raw materials has been physically verified by the management at reasonable intervals during the year.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage / Excess automatically get adjusted and the same is properly dealt in the books of accounts.

(iii) (a) The Coppany has during the year neither taken nor granted any loans from parties listed in the register maintained u/s 301 of the Companies Act 1956.

(iv) In our opinion and according to the information and explanations given to us there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. We have not come across any continuing failure to correct major weaknesses in internal control.

(v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered into a register in pursuance of section 301 of the Act has been properly entered.

(b) All the transactions have been made at prices which are reasonable having regard to the prevalling market prices at the relevant time and the nature of services rendered by such parties.

(vi) The Company has not accepted any deposits from the public during the year under review, and consequently the directives issued by the Reserve Bank of India and the provisions sections 58A and 58AA of the Act and the rules framed there under are not applicable.

(vii) In our opinion the Company has an Internal Audit system commensurate with the size of the company and the nature of its business.

(viii) According to the information and explanation given to us, the cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 have been made and maintained by the company but no examination of such records and accounts has been carried out by us.

(ix) (a) The company is generally regular in depositing Provident Fund, Employees State Insurance, Service Tax, Income tax, wealth tax and sales tax dues with the appropriate authorities. There are no amount outstanding in respect of income tax, sales tax, service tax, customs duty and excise duty dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable

(b) According to the information and explanation given to us, the following Tax / duty etc has not been deposited on account of dispute.

| Name of the Statute | Nature of the dues | Amount (Rs) | Period to which it relates | Forum where Dispute is pending |
|---|---|---|---|---|
| KVAT/CST | Demand for nterest and Penalty for delayed payment | 1,299,699 | 2008-09 | Jt. Comm of Commercial Taxes |
| KVAT/CST | nter-state sales and branch tranfer | 179,107,676 | 2006-07 and 2007-08 | Appeal to be filed |

(x) The Company does not have any accumulated losses and has not incurred cash losses in current year and the previous year.

(xi) In our Opinion and according to the information and explanation given to us by the Management the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

(xii) On the basis of the audit procedures followed, the test checks of the transactions during and the representations from the management, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a nidhi/mutual benefit fund/societies and accordingly clause (xiii) of the Companies (Auditors' Report) order is not applicable.

(xiv) The company has not made any investments and therefore clause (xiv) of the Companies (Auditors' Report) order is not applicable.

(xv) According to the information and explanations the Company has not given guarantee for loans taken by others. Accordingly clause (xv) of the Companies (Auditors' Report) Order, 2003 is not applicable.

(xvi) The Company has not taken any term loans during the year from Banks/Financial Institutions and hence Clause (xvi) of Companies (Auditors' Report) Order, 2003 does not apply.

(xvii) According to the information and explanation given to us, on an over all examination of the Balance sheet and cash flow of the company and the necessary representations from the management, we report that no short term funds have been applied by the company towards any long term purposes.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Accordingly clause (xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.

(xix) The Company has not raised any debenture and accordingly clause (xix) of Companies (Auditors' Report) Order, 2003 is not applicable.

(xx) The Company has not raised any money by public issues during the year and accordingly clause (xx) of Companies (Auditors' Report) Order, 2003 is not applicable;

(xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For Natvarlal Vepari & Co.
Chartered Accountants

N. Jayendran
(Partner)
M. No. 40441

Place: Kolkata
Date: April 15, 2010

# BALANCE SHEET

**AS AT 31st MARCH 2010**

(Figures in Rupees)

| Particulars | Sch. Ref. | AS At 31.3.2010 | | As at 31.3.2009 | |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | Rs. | Rs. | Rs. | Rs. |
| *Shareholders' Funds:* | | | | | |
| Capital | 1 | 46,800,000 | | 46,800,000 | |
| Reserves & Surplus | 2 | 547,645,700 | 594,445,700 | 255,107,380 | 301,907,380 |
| *Loan Funds:* | | | | | |
| Secured Loans | 3 | | 679,445,156 | | 134,872,436 |
| Unsecured Loans | 4 | | – | | 75,403 |
| Defeffed Tax Liability (NET) | | | 6,652,723 | | 5,438,280 |
| | Total | | 1,280,543,579 | | 442,293,499 |
| APPLICATION OF FUNDS: | | | | | |
| *Fixed Assets:* | | | | | |
| Gross Block | 5 | 296,002,287 | | 241,853,642 | |
| Less: Depreciation | | 45,490,048 | | 28,457,135 | |
| Net Block | | | 250,512,239 | | 213,396,507 |
| Capital Work in progress | | | 48,946,773 | | 13,036,674 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 6 | 1,177,491,881 | | 264,149,429 | |
| Sundry Debtors | 7 | 62,287,206 | | 57,543,055 | |
| Cash and Bank Balances | 8 | 172,001,732 | | 24,213,524 | |
| Loans & Advances | 9 | 373,138,589 | | 73,509,049 | |
| *A.....* | | 1,784,919,408 | | 419,415,057 | |
| *Less: Current Liabilities & Provisions:* | | | | | |
| Liabilities | 10 | 735,799,513 | | 202,238,398 | |
| Provisions | 10 | 68,035,328 | | 1,316,341 | |
| *B.....* | | 803,834,841 | | 203,554,739 | |
| *Net Current Assets (A-B)* | | | 981,084,567 | | 215,860,318 |
| | Total | | 1,280,543,579 | | 442,293,499 |
| Notes on Accounts | 19 | | | | |

As per our report of even date attached

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Kolkata, Dated: April 15, 2010

T V Ramanathan
G Chatterjee
T Arun Kumar
*Directors*

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

(Figures in Rupees)

| | Sch. Ref. | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Sales and Income from Operations | 11 | | 5,464,428,513 | | 4,437,207,917 |
| Other Income | 12 | | 3,308,021 | | 1,804,510 |
| | | | 5,467,736,534 | | 4,439,012,427 |
| **EXPENDITURE** | | | | | |
| Materials Cost & Inventory Adjustment | 13 | 4,561,372,006 | | 4,108,545,289 | |
| Manufacturing Expenses | 14 | 123,659,435 | | 62,960,361 | |
| Personnel Cost | 15 | 58,219,241 | | 45,268,572 | |
| Administration Expenses | 16 | 13,366,065 | | 10,234,815 | |
| Selling and Distribution Expenses | 17 | 97,358,696 | | 36,371,755 | |
| Financial Expenses | 18 | 41,086,759 | | 84,052,330 | |
| Directors Remuneration | | 23,135,000 | | 8,275,500 | |
| Depreciation | 5 | 17,032,913 | | 13,135,578 | |
| less: transfer from revaluation reserve | | (4,875,110) | | (4,332,650) | |
| Preliminary Expenses Writte off | | – | 4,930,355,004 | – | 4,364,511,551 |
| **PROFIT BEFORE TAXATION** | | | 537,381,530 | | 74,500,876 |
| Provision for Taxation | | | | | |
| – Current Taxes | | 184,000,000 | | 25,600,000 | |
| – Deferred Tax | | 1,214,443 | | 423,155 | |
| – Fringe Benefit Tax | | | | 276,000 | |
| – Prior Period Taxes | | | 185,214,443 | 441 | 26,299,596 |
| **PROFIT AFTER TAX** | | | 352,167,087 | | 48,201,280 |
| Balance brought forward from previous year | | | 121,740,829 | | 84,425,045 |
| | | | 473,907,916 | | 132,626,325 |
| Less: Appropriation | | | | | |
| – Transfer to General Reserve | | 37,500,000 | | 10,885,499 | |
| – Proposed Dividend | | 46,800,000 | | | |
| – Dividend Distribution tax | | 7,953,660 | 92,253,660 | | 10,885,499 |
| – Balance Carried Over to Balance Sheet | | | 381,654,256 | | 121,740,826 |
| Earning Per Share | | | 75.25 | | 10.30 |
| (Refer Note No 9 to Notes to Accounts) | | | | | |
| Notes To Accounts | 19 | | | | |

As per our report of even date attached

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Kolkata, Dated: April 15, 2010

T V Ramanathan
G Chatterjee
T Arun Kumar
*Directors*

# STATEMENT OF CASH FLOWS

**for the year ended 31st March 2010**

| | | 2009-2010 Rs. | Rs. | 2008-2009 Rs. | Rs. |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | Net Profit before tax and extra ordinary items | | 537,381,530 | | 74,500,876 |
| | Adjusted for : | | | | |
| | Depreciation | 12,157,803 | | 8,802,928 | |
| | Loss on sale of assets | – | | 273,127 | |
| | Interest received | (2,430,950) | | (1,653,398) | |
| | Interest and borrowing cost | 36,179,131 | 45,905,984 | 68,297,325 | 75,719,982 |
| | **Operating profit before working capital change** | | 583,287,514 | | 150,220,858 |
| | Adjustment for: | | | | |
| | Trade and Other receivables | (304,373,691) | | 345,579,851 | |
| | Trade payables Incl. Working Capital Changes | 1,081,558,022 | | (198,662,639) | |
| | Inventories | (913,342,452) | | (159,007,590) | |
| | **Total of Working Capital Changes** | | (136,158,121) | | (12,090,378) |
| | Cash generated from operation | | 447,129,393 | | 138,130,480 |
| | Tax Paid | | (172,331,290) | | (29,098,724) |
| | **Net Cash from operating activities** | | 274,798,103 | | 109,031,756 |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Purchase of Fixed assets (Incl. Cap Adv) | | (90,058,744) | | (37,956,374) |
| | Sale of fixed asset | | | | 358,000 |
| | Interest Received | | 2,430,950 | | 1,653,398 |
| | **Net cash flow after Investing activities** | | (87,627,794) | | (35,944,976) |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Proceeds from short term borrowings (net) | (3,202,971) | | (4,518,164) | |
| | Interest Paid | (36,179,131) | | (68,297,325) | |
| | **Net cash flow from financing activities** | | (39,382,102) | | (72,815,489 |
| | **NET CASH FLOW (A+B+C)** | | 147,788,207 | | 271,291 |
| | Net increase in cash & cash equivalent | | | | |
| | Cash & cash equivalent as at (Op. bal) | | 24,213,524 | | 23,942,233 |
| | Cash & cash equivalent as at (Cl. bal) | | 172,001,732 | | 24,213,524 |
| | | | 147,788,207 | | 271,291 |
| | (figures in Brackets denote outflows) | | | | |
| | **Break up of cash and cash equivalents** | | | | |
| | Cash-in-Hand | | 979,145 | | 315,408 |
| | Cheques on hand/Funds in transit | | 124,209,027 | | 9,876,382 |
| | Balances with Scheduled Banks: | | | | |
| | In Current Accounts | | 260,601 | | 1,494,874 |
| | In Fixed Deposit Account | | 46,552,958 | | 12,526,861 |
| | | | 172,001,732 | | 24,213,524 |

**As per our report of even date attached**

**For Natvarlal Vepari & Co.**
*Chartered Accountants*

**N Jayendran**
*Partner*
**Kolkata, Dated: April 15, 2010**

**T V Ramanathan**
**G Chatterjee**
**T Arun Kumar**
*Directors*

# SCHEDULES 1 TO 10 FORMING PART OF BALANCE SHEET

**AS AT 31ST MARCH 2010**

(Figures in Rupees)

| Particulars | As at 31.03.2010 | | As at 31.03.2009 | |
|---|---|---|---|---|
| **SCHEDULE -1** | | | | |
| SHARE CAPITAL | | | | |
| Authorised | | | | |
| 50,00,000 Equity Shares of Rs. 10/- each. | | 50,000,000 | | 50,000,000 |
| Issued, Subscribed and Paid-Up Capital: | | | | |
| 46,80,000 Equity Shares of Rs. 10/- each Fully paid up | | 46,800,000 | | 46,800,000 |
| (Out of the above 20,80,000 Equity shares of Rs. 10/- each were issued as fully paid Bonus shares by way of capitalisation of balance in Profit & Loss Account) | | | | |
| (2386800 equity shares of Rs. 10/- each fully paid up are held by the holding company - Exide Industries Limited.) | | | | |
| **PER BALANCE SHEET** | | 46,800,000 | | 46,800,000 |
| **SCHEDULE-2** | | | | |
| **RESERVES AND SURPLUS:** | | | | |
| General Reserve | | | | |
| Balance As Per Last Balance Sheet | 22,500,000 | | 11,614,501 | |
| Add: transfer during the year | 37,500,000 | 60,000,000 | 10,885,499 | 22,500,000 |
| Revaluation Reserve | | | | |
| Revaluation during the year | 110,866,554 | | 115,199,204 | |
| Less: Transferred to P&L (depreciation) | 4,875,110 | 105,991,444 | 4,332,650 | 110,866,554 |
| Profit & Loss Account | | 381,654,256 | | 121,740,826 |
| **PER BALANCE SHEET** | | 547,645,700 | | 255,107,380 |
| **SCHEDULE-3** | | | | |
| **SECURED LOANS:** | | | | |
| Working Capital including working capital demand loans from | | | | |
| - HDFC Bank | | 316,175,396 | | – |
| - Punjab National Bank | | 83,663 | | 130,244,686 |
| Buyers Credit | | | | |
| - HDFC Bank | | 361,761,318 | | – |
| (The above facilities from the bankers are Secured by hypothecation of stocks and book debts and mortgage of immovable property of the company and first charge on movable assets excl. vehicles. The above loans are covered by personal guarantee of some of the directors) | | | | |
| Equipment/Vehicle term Loan | | | | |
| - Kotak mahindra Bank | | 1,424,779 | | 4,627,750 |
| (Secured by vehicle/equipment purchased under the facility) | | | | |
| (Amounts due in next 12 months Rs.) | | | | |
| **PER BALANCE SHEET** | | 679,445,156 | | 134,872,436 |
| **SCHEDULE-4** | | | | |
| **UNSECURED LOANS** | | | | |
| Bills Discounting Facility with Banks and Others (Against receivables from the debtors) | | – | | 75,403 |
| **PER BALANCE SHEET** | | | | |

## SCHEDULE - 5 – FIXED ASSETS
For the Year 2009 - 10

| Particulars | Depr. Rate | Gross Block | | | | Depreciation | | | | Written Down value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As on 01.04.2009 | Additions for the year | Sale/ adjustment | As on 31.3.2010 | As on 01.04.2009 | Depreciation | Deprn. on sale/ adjustment | As on 31.03.2010 | As on 31.03.2010 | as on 31.03.2010 |
| **Tangible Assets** | | | | | | | | | | | |
| ***Land & Building*** | | | | | | | | | | | |
| Building Factory | 3.34% | 52,938,486 | 5,069,314 | – | 68,007,800 | 3,692,318 | 2,168,326 | – | 5,860,644 | 62,147,156 | 59,246,169 |
| Building Office | 1.63% | 3,262,242 | – | – | 3,262,242 | 180,253 | 53,175 | – | 233,427 | 3,028,815 | 3,081,990 |
| Building Health centre | 1.63% | 758,902 | – | – | 758,902 | 17,939 | 12,370 | – | 30,309 | 728,593 | 740,963 |
| Land | | 55,002,000 | – | – | 55,002,000 | – | – | – | – | 55,002,000 | 55,002,000 |
| ***Plant & Machinery*** | | | | | | | | | | | |
| Handling Equipments | 10.34% | 10,219,082 | 9,104,542 | – | 19,323,624 | 1,640,558 | 1,442,601 | – | 3,083,159 | 16,240,466 | 8,578,525 |
| Laboratory Equipments | 10.34% | 5,450,318 | – | – | 5,450,318 | 1,252,660 | 563,563 | – | 1,816,223 | 3,634,094 | 4,197,657 |
| Generators | 10.34% | 5,832,240 | – | – | 5,832,240 | 1,167,852 | 603,054 | – | 1,770,706 | 4,061,535 | 4,664,588 |
| Plant & Machinery | 10.34% | 70,366,748 | 32,121,023 | – | 102,487,771 | 14,205,967 | 8,811,327 | – | 23,017,294 | 79,470,477 | 56,160,780 |
| Electrical installation | 10.34% | 11,973,941 | 1,250,458 | – | 13,224,399 | 3,204,007 | 1,299,236 | – | 4,503,243 | 8,721,157 | 8,769,934 |
| ***Other Assets*** | | | | | | | | | | | |
| Furniture & Fittings | 6.33% | 952,096 | 376,881 | – | 1,328,977 | 138,006 | 72,881 | – | 210,887 | 1,118,090 | 814,090 |
| Office Equipments | 4.75% | 1,369,380 | 1,103,909 | – | 2,473,289 | 171,638 | 121,931 | – | 293,568 | 2,179,721 | 1,197,742 |
| Computers | 16.21% | 1,628,064 | 1,510,158 | – | 3,138,222 | 495,715 | 484,734 | – | 980,449 | 2,157,773 | 1,132,349 |
| Vehicles | 9.50% | 12,100,142 | 876,891 | – | 12,977,033 | 2,290,421 | 1,185,094 | – | 3,475,515 | 9,501,518 | 9,809,721 |
| **Intangible Assets** | | | | | | | | | | | |
| Computer Software | 20.00% | – | 2,735,469 | – | 2,735,469 | – | 214,625 | – | 214,625 | 2,520,844 | – |
| **TOTAL** | | 241,853,642 | 54,148,645 | – | 296,002,287 | 28,457,133 | 17,032,915 | – | 45,490,048 | 250,512,239 | |
| **Previous Year figures** | | 100,064,988 | 27,752,156 | (1,162,707) | 241,853,642 | 15,853,137 | | | 28,457,133 | | 213,396,509 |
| Add: Capital Work in Progress | | | | | | | | | | 48,946,773 | 13,036,674 |
| **PER BALANCE SHEET** | | | | | | | | | | 299,459,012 | 226,433,183 |

**Notes:**

1. The company on 12th May 2008, carried out valuation of its Fixed Assets except vehicles, furniture and fittings, office equipments and computers by independent valuers and on the basis of the valuation report has credited an amount of Rs. 11,51,99,205/- to the revaluation reserve account being the increase in the value of fixed assets as determined by the valuer over its carrying cost on the date of the valuation.
2. The depreciation on the revalued portion aggregating to Rs. 48,75,110/- (previous year Rs. 43,32,650/) has been charged to the profit and loss account and an equivalent amount is drawn from the revaluation reserve credited to the profit and loss account.

(Figures in Rupees)

| Particulars | | As at 31.03.2010 | | As at 31.03.2009 |
|---|---|---|---|---|
| **SCHEDULE-6** | | | | |
| INVENTORY: | | | | |
| (As taken, valued & certified by the Management) | | | | |
| Raw Materials | | 261,794,653 | | 29,903,490 |
| Consumables | | 15,211,333 | | 17,525,718 |
| Stores & Spares | | 1,839,039 | | 2,622,501 |
| Finished Goods | | 193,942,207 | | 7,793,469 |
| Work in Progress | | 275,521,122 | | 188,768,066 |
| Goods in Transit | | 429,183,527 | | 17,536,185 |
| **PER BALANCE SHEET** | | 1,177,491,881 | | 264,149,429 |
| **SCHEDULE-7** | | | | |
| **SUNDRY DEBTORS** | | | | |
| (Unsecured, considered Good) | | | | |
| Outstanding for more than six months | | 1,339,334 | | 1,339,334 |
| Others | | 60,947,872 | | 56,203,721 |
| **PER BALANCE SHEET** | | 62,287,206 | | 57,543,055 |
| **SCHEDULE-8** | | | | |
| **CASH AND BANK BALANCES** | | | | |
| Cash-in-Hand | | 979,145 | | 315,408 |
| Cheques on hand/funds in transit | | 124,209,027 | | 9,876,382 |
| Balances with Scheduled Banks: | | | | |
| In Current Accounts | 260,601 | | 1,494,874 | |
| In Fixed Deposit Account | 46,552,958 | 46,813,559 | 12,526,861 | 14,021,735 |
| (The fixed deposits are held as margin against Non-fund based limits with the bankers) | | | | |
| **PER BALANCE SHEET** | | 172,001,732 | | 24,213,524 |
| **SCHEDULE-9** | | | | |
| **LOANS & ADVANCES** | | | | |
| (Unsecured, considered Good) | | | | |
| Advances Receivable in Cash or in kind or for Value to be received | | 2,443,286 | | 10,724,292 |
| Advance to Suppliers | | 235,131,268 | | 30,050,531 |
| Taxes and Duties - Advance and/or recoverable | | 131,316,454 | | 29,406,726 |
| Deposits | | 4,247,581 | | 3,327,500 |
| **PER BALANCE SHEET** | | 373,138,589 | | 73,509,049 |
| **SCHEDULE-10** | | | | |
| **CURRENT LIABILITIES AND PROVISIONS:** | | | | |
| Current Liabilities | | | | |
| Sundry Creditors for Goods And Expenses | | 584,491,576 | | 179,994,757 |
| Advances from Customers | | 614,477 | | 554,271 |
| Duties & Taxes Payables | | 102,339,163 | | 10,951,316 |
| Outstanding Liabilities | | 48,354,297 | | 10,738,054 |
| **PER BALANCE SHEET** | | 735,799,513 | | 202,238,398 |
| Provisions | | | | |
| Provision for Retirement benefits | | 1,179,984 | | 883,367 |
| Provision for Taxation | 251,016,809 | | 67,016,809 | |
| Less: Prepaid Taxes | (238,915,125) | 12,101,684 | (66,583,835) | 432,974 |
| Proposed Dividend | | 46,800,000 | | – |
| Tax on proposed dividend | | 7,953,660 | | – |
| **PER BALANCE SHEET** | | 68,035,328 | | 1,316,341 |

(Figures in Rupees)

| Particulars | | As at 31.03.2010 | | | As at 31.03.2009 |
|---|---|---|---|---|---|
| **SCHEDULE -11** | | | | | |
| **SALES AND INCOME FROM OPERATIONS** | | | | | |
| Sales of Finished Goods | | 6,028,022,458 | | | 5,104,356,799 |
| Sale of Scrap | | 29,818,871 | | | 14,476,420 |
| Conversion Charges | | 36,943,141 | | | 22,721,410 |
| (TDS Rs. 728395 pr. yr. Rs. 559960) | | | | | |
| | | 6,094,784,471 | | | 5,141,554,629 |
| Less: Excise Duty and Sales Taxes | | 630,355,958 | | | 704,346,712 |
| **PER PROFIT AND LOSS ACCOUNT** | | 5,464,428,513 | | | 4,437,207,917 |
| **SCHEDULE-12** | | | | | |
| **OTHER INCOME** | | | | | |
| Interest | | 2,430,950 | | | 1,653,398 |
| Profit on sale of Asset | | – | | | 5,755 |
| Foreign Exchange Fluctuation - others | | 476,979 | | | – |
| Other Income | | 400,092 | | | 145,357 |
| **PER PROFIT AND LOSS ACCOUNT** | | 3,308,021 | | | 1,804,510 |
| **SCHEDULE-13** | | | | | |
| **MATERIAL COST AND INVENTORY ADJUSTMENTS** | | | | | |
| Raw Material Consumed | | | | | |
| Opening Stock | | | | | |
| - RM and Consumables | 47,429,208 | | 91,458,246 | | |
| - Goods in transit | 17,536,185 | | – | | |
| Add: purchases | 5,475,497,920 | | 4,265,426,728 | | |
| | 5,540,463,313 | | 4,356,884,974 | | |
| Less Closing Stock | | | | | |
| - RM and Consumables | 277,005,986 | | 47,429,208 | | |
| - Goods in transit | 429,183,527 | 4,834,273,800 | 17,536,185 | 4,291,919,581 | |
| Finished goods and WIP adjustments | | | | | |
| Opening Stock - W.I.P | 188,768,066 | | 5,579,124 | | |
| Opening Stock - FG | 7,793,469 | | 7,608,119 | | |
| | 196,561,535 | | 13,187,243 | | |
| Less Closing Stock - WIP | 275,521,122 | | 188,768,066 | | |
| Closing Stock - FG | 193,942,207 | (272,901,794) | 7,793,469 | (183,374,292) | |
| **PER PROFIT AND LOSS ACCOUNT** | | 4,561,372,006 | | | 4,108,545,289 |

(Figures in Rupees)

| Particulars | As at 31.03.2010 | | As at 31.03.2009 | |
|---|---|---|---|---|
| **SCHEDULE -14** | | | | |
| **MANUFACTURING EXPENSES** | | | | |
| Stores & Spares | | | | |
| Opening Stock | 2,622,501 | | 496,350 | |
| Purchases | 17,351,360 | | 7,294,056 | |
| | 19,973,861 | | 7,790,406 | |
| Less: Closing Stock (Inventory) | 1,839,039 | 18,134,822 | 2,622,501 | 5,167,905 |
| Conversion Charges | | 772,053 | | 3,700,895 |
| Power and Fuel | | 72,382,844 | | 46,123,191 |
| Excise Duty | | 17,680,681 | | 554,334 |
| Hire Charges | | 52,305 | | 543,802 |
| Rent for machinery & Equipments | | 785,834 | | – |
| Repairs & maintenance | | | | |
| - Buildings | 1,870,650 | | 1,214,541 | |
| - Material handling equipment | 335,262 | | – | |
| - Machinery | 7,782,882 | 9,988,794 | 2,015,140 | 3,229,681 |
| Security Charges | | 2,995,870 | | 2,116,004 |
| Testing Charges | | 196,720 | | 80,457 |
| Pollution Control Expenses | | 607,945 | | 1,321,645 |
| Water Charges | | 52,112 | | 16,217 |
| Weighment Charges | | 9,455 | | 106,230 |
| PER PROFIT AND LOSS ACCOUNT | | 123,659,435 | | 62,960,361 |
| SCHEDULE15 | | | | |
| PERSONNEL COST | | | | |
| Labour charges | | 2,177,293 | | 967,840 |
| Salary & Wages | | 50,765,371 | | 39,408,989 |
| Contribution to PF and other funds | | 650,609 | | 519,020 |
| Gratuity paid | | 182,517 | | 278,915 |
| Leave encashment paid | | 160,438 | | 604,452 |
| Staff Welfare - Food & Shoes | | 4,283,013 | | 3,489,356 |
| PER PROFIT AND LOSS ACCOUNT | | 58,219,241 | | 45,268,572 |
| SCHEDULE-16 | | | | |
| ADMINISTRATIVE EXPENSES | | | | |
| Conveyance | | 751,538 | | 365,770 |
| Remuneration Auditors | | | | |
| - Statutory Audit fees | 475,000 | | 475,000 | |
| - Tax Audit Fees | 75,000 | | 75,000 | |
| - Reimbursements | 183,272 | 733,272 | 48,372 | 598,372 |
| Internal Audit Fees | | 100,000 | | 102,532 |
| Charity & Donation | | 175,396 | | 63,601 |
| Commission & Brokerage | | 2,450 | | – |
| Electricity expenses - office | | 163,877 | | 117,980 |
| Legal & Professional Charges | | 2,638,074 | | 1,083,511 |
| Licence Fees | | – | | 200,647 |
| Office Expenses | | 410,431 | | 254,440 |
| Postage & Telegram | | 113,674 | | 40,772 |
| Printing & Stationery | | 546,859 | | 554,946 |
| Rent, Rates & Taxes | | 2,352,338 | | 1,860,124 |

(Figures in Rupees)

| Particulars | As at 31.03.2010 | As at 31.03.2009 |
|---|---|---|
| Motor Car expenses | 607,694 | 438,093 |
| Repairs and Maintenance | 1,024,834 | 431,594 |
| Insurance | 1,600,671 | 1,780,925 |
| Sundry balances w/off | – | 118,025 |
| Rounded off | 847 | – |
| Sales tax and Service tax paid | 55,308 | 28,175 |
| Telephone Charges | 1,080,380 | 999,365 |
| Travelling Charges | 1,008,422 | 917,061 |
| Loss on Sale of Vehicle | – | 278,882 |
| PER PROFIT AND LOSS ACCOUNT | 13,366,065 | 10,234,815 |
| SCHEDULE -17 | | |
| SELLING AND DISTRIBUTION EXPENSES | | |
| Advertisement Charges | 6,200 | 4,000 |
| Commission | – | 204,766 |
| Business promotion expenses | 50,000 | – |
| Clearing Charges for Export | 18,878 | 25,523 |
| Freight Outward | 86,990,534 | 32,640,183 |
| Loading and Forwarding - Outward | 1,834,578 | – |
| Packing cost | 2,809,102 | 26,500 |
| Vehicle expenses | 5,649,404 | 2,981,773 |
| Export charges | – | 489,010 |
| PER PROFIT AND LOSS ACCOUNT | 97,358,696 | 36,371,755 |
| SCHEDULE 18 | | |
| FINANCIAL EXPENSES | | |
| Interest on Working Capital Borrowings | 34,677,004 | 66,741,985 |
| Interest on Fixed period loans | 421,448 | 866,965 |
| Interest on Others | 1,080,679 | 688,375 |
| Bank charges | 4,907,628 | 15,755,005 |
| PER PROFIT AND LOSS ACCOUNT | 41,086,759 | 84,052,330 |

## SCHEDULE -19

## ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

### A. ACCOUNTING POLICIES

a) **Basis of Preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting, to comply in all material respect with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and Section 211 (3C) of the Companies Act, 1956 ('the Act'). The accounting policies discussed more fully below, are consistent with those used in the previous year excepting relating to depreciation of fixed assets.

b) **Use of estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting perion end. Difference between the actual results and estimates are recognized in the period in which the results are known.

c) **Inflation**
Assets and liabilities are shown at historical cost except revalued assets, which are shown at revalued amounts. No adjustments are made for changes in purchasing power of money

d) **Fixed Assets**
i. Fixed assets are recorded at cost of acquisition or construction less CENVAT/Service Tax credit availed.
ii. Revalued assets are stated at revalued amounts.
iii. Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use

e) **Depreciation and Amortisation**
i. Depreciation on all assets of the Company is charged on straight line method over the useful life of assets at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year.
ii. The useful life of computer software is determined at five years and accordingly the same is amortised @20% per annum

f) **Inventories**
Items of Inventories are valued on the basis given below

| | |
|---|---|
| Raw Materials and Packing Materials | At Cost net of CENVAT computed on Weighted Average method. |
| Work-in-process and Finished Goods | At cost including material cost net of CENVAT, labour cost and all overheads other than selling and distribution overheads, for work-in-process and the same or realisable value, whichever is lower in case of finished goods. Exide duty is considered as cost for finished goods wherever applicable |
| Stores and Spares | Stores and spare parts are valued at purchase cost. |

g) **Retirement Benefits**
i. Retirement benefit in the form of provident fund is a defined contribution scheme and contributions are charged to the Profit and Loss Account for the year/period when the contributions are due.
ii. Gratuity liability is defined benefit obligations and is provided on the basis of an actuarial valuation made at the end of each year/period.
Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

h) **CENVAT Credit / Service Tax Credit**
CENVAT credit utilised during the year is accounted in excise duty and unutilised CENVAT balance at the year-end is considered as advance Excise Duty.

i) **Sales**
Sales include excise duty and Sales Tax / VAT.

j) **Foreign Exchange Transactions**
Foreign currency transaction
*Initial recognition*
Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*Conversion*
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

k) **Tax Expense**
Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflect the impact of current year/period timing differences between taxable income and accounting income for the year/period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised in situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become resonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

l) **Earnings per share**
basic and diluted earnings per share are calculated by dividing the net profit for the year/period attributed to equity shareholders by the weighted average number of equity shares outstanding during the year/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.

m) **Provisions, Contingent Liabilities and Contingent Assets**
A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but disclosed in notes to accounts. Contingent assets are neither recognised nor disclosed in financial statements.

n) **Cash and cash equivalents**
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

B. **OTHER NOTES**

| | Contingent Liabilities | 31.03.2010 | 31.03.2009 |
|---|---|---|---|
| | | Rupees | Rupees |
| 1. | Estimated amount of contracts remaining to be executed on capital Account. | 94,130,494 | 13,620,699 |
| 2. | Contingent liability for KVAT/CST demand towards interest & penalty for delayed payment and Inter-State Sales & Branch transfers which the company has not accepted. | 180,407,375 | 6,527,926 |

2. Additional information pursuant to paragraphs 3, 4, 4A, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

(A) Details of Production for Each Class of Goods

| Goods Manufactured | UOM | Installed Capacity | **Current Year** | **Previous Year** |
|---|---|---|---|---|
| Lead & Lead Alloys | MT | 60,000 | 54,823.980 | 39,051.005 |

Note:- Installed capacity, being of a technical nature is not verified by the Auditors.

(B) Stock of Each Class of Finished Goods:

| Particulars | UOM | **Current Year** | | **Previous Year** | |
|---|---|---|---|---|---|
| | | Qty | Rupees | Qty | Rupees |
| Lead & lead Alloys | MT | 1,783.918 | 1,93,942,207 | 84.690 | 7,793,469 |

(C) Sales in respect of Each Class of Finished Goods:

| Particulars | UOM | **Current Year** | | **Previous Year** | |
|---|---|---|---|---|---|
| | | Qty | Rupees | Qty | Rupees |
| Lead & lead Alloys | MT | 53,124.752 | 6,028,022,458 | 39,027.562 | 5,104,356,799 |

(D) Raw Materials Consumed

| **Particulars** | Units | **2009-10** | | **2008-09** | |
|---|---|---|---|---|---|
| | | Qty | Rupees | Qty | Rupees |
| Battery Scrap & Lead | MT | 63,655.846 | 4,650,100,599 | 50,739.998 | 4,034,293,756 |
| Others (None of which individually forms more than 10% of the total consumption.) | | | 184,173,201 | | 257,625,825 |
| **TOTAL** | | | 4,834,273,800 | | 4,291,919,581 |

| **Imported & Indigenous** | **2009-10** | | **2008-09** | |
|---|---|---|---|---|
| | Rupees | %age | Rupees | %age |
| Raw materials: | | | | |
| Imported | 3,255,224,097 | 67.34 | 2,544,564,761 | 59.29 |
| Indigenous | 1,579,049,703 | 32.66 | 1,747,354,820 | 40.71 |
| **TOTAL** | 4,834,273,800 | 100.00 | 4,291,919,581 | 100.00 |

(E)

| CIF Value of Imports | **2009-10** | **2008-09** |
|---|---|---|
| | **Rupees** | **Rupees** |
| Raw materials | 3,574,300,543 | 2,342,623,234 |
| Stores and Spares | 632,922 | 163,187 |
| Capital Goods | 28,279,952 | 441,105 |

(F)

| Expenditure in Foreign Currency | **2009-10** | **2008-09** |
|---|---|---|
| | **Rupees** | **Rupees** |
| Travelling | 128,410 | 318,842 |

3. Break-up of Deferred Tax assets and liabilities are as under;

| Particulars | As at 31.03.2010 | As as 31.03.2009 |
|---|---|---|
| | Rupees | Rupees |
| Deferred tax liability on account of Depreciation | 7,044,684 | 57,38,536 |
| Deferred tax asset on account of Gratuity and leave encashment | 391,961 | 300,256 |
| net deferred tax liability | 6,652,723 | 5,438,280 |

4. Sundry Debtors includes a sum of Rs. 26,757,536 being due from the holding company. The amount due to the holding company for purchases on trade account is Rs. NIL.

5. As Per the Intimation available with the company, there are no micro, small & medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the company owes dues on account of principle amount together with the interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

6. Managerial Remuneration:

| | | 2009-10 | 2008-09 |
|---|---|---|---|
| i) | Managerial remuneration under Section 198 of the Companies Act, 1956. | | |
| | Computation of Net Profit as per Section 349 read with Section | | |
| ii) | 309(5) of the Companies Act, 1956. | | |
| | Profit after taxation as per Profit and Loss Account | 352,167,087 | 48,601,282 |
| | Add: Provision for taxation | 185,214,443 | 25,899,596 |
| | Depreciation/Amortization/Impairment as per Accounts | 12,157,803 | 8,802,298 |
| | Directors' remuneration (Including sitting fees) | 5,400,000 | 7,050,000 |
| | Commission to Directors | 17,735,000 | 1,225,500 |
| | | 572,674,333 | 91,578,676 |
| | Less: Depreciation and Amortization under section 350 | 12,157,803 | 8,802,298 |
| | Excess provision for taxation (net)/ Income Tax refund of earlier years | 0 | 441 |
| | Net Profit | 571,458,530 | 82,775,937 |
| | Overall ceiling on Managerial remuneration under Section 198 of the Companies Act, 1956. | 57,145,853 | 8,277,594 |
| | Total Managerial remuneration paid/payable during the year | 23,135,000 | 8,275,500 |

7. The Company has carried out the exercise of assessment of any impairment to its fixed assets as on the Balance Sheet date. Pursuant to such exercise it is determined that there has been no impairment to its fixed assets during the year.

8. The company has carried out the actuarial valuation of Gratuity and leave encashment liability under actuarial principle, in accordance with Revised AS-15 (Employee Benefits). The total amount determined on actuarial method is Rs. 4,61,432 and Rs. 7,18,552 respectively. The company has charged the differential amount as compared to the previous years to the profit and loss account.

The following table summarise the components of net benefit expense for gratuity recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet.

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| | Rupees | Rupees |
| Net employee defined benefit expense recognised in Personnel costs) – Gratuity | | |
| Current Service Cost | 177,814 | 278,915 |
| Interest Cost | 31,925 | 0 |
| Actuarial loss / (gain) | (27,222) | 0 |
| Total | 182,517 | 278,915 |

The changes in the present value of the defined benefit obligation are as follows:

| Particulars | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| | Rupees | Rupees |
| Opening Defined benefit obligation | 278,915 | 0 |
| Current service Cost | 177,814 | 278,915 |
| Interest Cost | 31,925 | 0 |
| Actuarial loss/(gain) | (27,222) | 0 |
| Closing Defined benefit obligation | 461,432 | 278,915 |

The company's gratuity obligation is fully unfunded. The principal assumptions used in determining the gratuity obligations are as follows:

| Assumptions | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---|
| Interest rate | 8.20% | 7.00% |
| Expected rate of return on plan assets | – | – |
| Expected rate of salary increase | 6.00% | 6.00% |
| Attrition rate | 0 | – |
| Retirement age | 58 years | 58 years |

9. The Company has not issued any potential diluted equity share and therefore the Basic and Diluted earning per Share will be the same. The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding.

| S. No. | Particulars | 2009-10 | 2008-09 |
|---|---|---|---|
| 1. | Profit after tax (Rs. in Lacs) | 352,167,087 | 48,201,282 |
| 2. | Equity Shares Outstanding (Nos.) | 4,680,000 | 4,680,000 |
| 3. | Weighted Average no. of shares outstanding (Nos) | 4,680,000 | 4,680,000 |
| 4. | Nominal value of equity share (Rs.) | 10 | 10 |
| 5. | Earning per share (Rs.) | 75.25 | 10.30 |

10. Disclosure under Accounting Standard - 19 “Leases”, Issued by the Institute of Chartered Accountants of India.

    The Company has taken various residential/godowns/office premises (including Furniture and Fittings if any) under leave and licence agreements. These generally range between 11 months to 3 years under leave and licence basis. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Profit and Loss Accounts under Rent, Rates and Taxes.

11. The entire operations of the Company relate to only one segment viz. Lead Smeltors and Refiners. As such, there is no separate reportable segment under Accounting Standard-AS 17 on Segment Reporting.

12. The company has continued the accounting of the transactions in foreign exchange currency as per AS11-Effects for Changes in Foreign Exchange and has continued not to exercise the option relating to the determent of exchange difference on long term liabilities.

13. Related Party Disclosure as required by Accounting Standard - IS 18 issued by the Institute of Chartered Accountants of India.

    Relationships:

    A. Entities where Control exist
       Holding Companies

       Exide Industries Limited

    B. Entities where Key Management Personnel or their relatives exercises significant influence.

       Global Lead Alloys
       SM. Vaieram

    C. Key management Personnel and their relatives
       Mr. T. Arunkumar  Mr. E. Narayanan
       Mr. T. Rajkumar

Transactions with Related Parties

| Description | 2009-10 Rupees | 2008-09 Rupees |
|---|---|---|
| Purchase of goods and service | | |
| - Exide Industries Limited | 790,998,043 | 759,425,940 |
| - Global Lead Alloys – Bargur | 13,095,053 | 25,476,511 |
| - Caldyne Automatics ltd., Kolkata | 1,243,961 | 0 |
| Sales of goods (including job work and other charges recoverable | | |
| - Exide Industries Limited | 6,031,183,364 | 4,335,877,649 |
| Job Work Charges Paid | | |
| - Global Lead Alloys | 2,506,507 | 1,394,415 |
| Transportation charges paid | | |
| - SM. Vaieram | 368,582 | 0 |
| Purchase of fixed assets | | |
| - Exide Industries Limited | 69,360 | 248,090 |
| Expenses transferred | | |
| - Exide Industries Limited | 3,162,135 | 897,890 |

Transactions with Related Parties

| Description | | 2009-10 Rupees | 2008-09 Rupees |
|---|---|---|---|
| **Remuneration to Directors** | | | |
| T. Arunkumar | - Remuneration | 3,000,000 | 3,000,000 |
| | - Performance Bonus | 8,867,500 | 612,750 |
| T Rajkumar | - Remuneration | 2,400,000 | 2,550,000 |
| | - Performance Bonus | 8,867,500 | 612,750 |
| A. B. Devi | - Remuneration | 0 | 750,000 |
| R. Chitra | - Remuneration | 0 | 750,000 |
| **Expenses Recovered** | | | |
| T Arunkumar | | 1,57,470 | 4,938,191 |
| T Rajkumar | | 1,57,469 | 4,938,191 |
| **Salary** | | | |
| E. Narayanan – VP – Industrial Relations | | 1,210,805 | 899,980 |
| Balances as on 31st March 2010 | | | |
| **Receivables** | | | |
| - Exide Industries Limited | | 26,757,536 | 56,126,276 |
| **Payables** | | | |
| - Exide Industries Limited | | 0 | 75,828,098 |
| - Global Lead Alloys | | 1,16,694 | 207,234 |
| - SM. Vaieram | | 34909 | 0 |

14. There are no transactions of loans and advances in the nature of loan to subsidiaries, associates etc. as required under listing agreement and the investments by the loanee in the share of the company.

15. Profit on exchange differences on transactions of foreign exchange transactions credited to the profit and loss account is Rs. 42,507,752 (previous year Loss of Rs. 15,049,799).

16. In the opinion of the Board of Directors, all the current assets, loans & advances have value on realisation at least of an amount equal to the amount at which they are stated in the Balance sheet.

17. Previous year's figures have been regrouped and rearranged wherever necessary.

As per our report of even date attached

For Natvarlal Vepari & Co.
*Chartered Accountants*

N Jayendran
*Partner*
Kolkata, Dated: April 15, 2010

T V Ramanathan
G Chatterjee
T Arun Kumar
*Directors*

27. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

**I. Registration details.**

Registration No. 1 3 1 2 6 State Code 1 1

Balance Sheet 3 1 0 3 2 0 1 0
Date Month Year

Public issue

NIL NIL

**II. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)**

Total Liabilities 1280544 Total Assets 1280544

Sources of Funds

Paid-Up Capital 46800 Reserves & Surplus 547646

Secured Loans 679445 Unsecured Loans

Deferred Tax Liability 6653

Application of Funds

Net Fixed Assets 299459 Investments

Net Current Assets 981085 Misc Expenditure

Accumulated Losses NIL

**III. Performance of Company (Amount in Rs. Thousands)**

Turnover 5467737 Total Expenditure 4930355

+ - Profit/Loss Before Tax 537482 + - Profit/Loss Before Tax 352167

(Please tick appropriate box + for Profit, - for Loss

* Earning Per Share in Rs. 75.25 **Dividend Rate 100%

Item Code No. (ITC Code)

Product Description LEAD ALLOYS

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Note: Classification of products/services under ITC code being of a technical nature is not verified by the Auditors.

T V Ramanathan
G Chatterjee
T Arun Kumar
*Directors*

Kolkata, Dated: April 15, 2010

# CHLORIDE BATTERIES S.E. ASIA PTE LIMITED

(Incorporated in Singapore)

## DIRECTORS

Winston Wong

Rajesh Kapadia

Chng Hee Teck

Gautam Chatterjee

T V Ramanathan

## SECRETARY

Kuang Sing Bee

## REGISTERED OFFICE

106 Neythal Road
Singapore 628594

## AUDITORS

Ernst & Young LLP

## BANKER

The Hongkong and Shanghai Banking Corporation Limited

# DIRECTORS' REPORT

The directors present their report to the member together with the audited consolidated financial statements of Chloride Batteries S.E. Asia Pte Limited (the "Company") and its subsidiary (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2010.

## Directors

The directors of the Company in office at the date of this report are:

Winston Wong
Rajesh Kapadia
Chng Hee Teck
Gautam Chatterjee
T V Ramanathan

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following director, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the holding company as stated below:

| Name of director and company in which interest held | Description of interest | Shareholdings registered in the name of director | | Shareholdings in which director is deemed to have an interest | |
|---|---|---|---|---|---|
| | | At 31.3.2010 | At 31.3.2009 | At 31.3.2010 | At 31.3.2009 |
| T V Ramanathan<br>*Exide Industries Limited* | Ordinary shares | 45,839 | 45,839 | 27,624 | 27,624 |
| Gautam Chatterjee<br>*Exide Industries Limited* | Ordinary shares | – | 2,000 | – | – |

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

## Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related company with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors:

Winston Wong
Chng Hee Teck
Directors

Singapore, 22 April, 2010

# STATEMENT BY DIRECTORS

We, Winston Wong and Chng Hee Teck, being two of the directors of Chloride Batteries S.E. Asia Pte Limited, do hereby state that, in the opinion of the directors

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors:

Winston Wong
Chng Hee Teck
Directors

Singapore, 22 April, 2010

# Independent Auditors' Report

**For the financial year ended 31 March 2010**

**To The Member of Chloride Batteries S.E. Asia Pte Limited**

We have audited the accompanying financial statements of Chloride Batteries S.E. Asia Pte Limited (the "Company") and its subsidiary (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from 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 auditors' 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 auditors consider internal controls relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore, 22 April, 2010

# Consolidated Statement of Comprehensive Income

| For the financial year ended 31 March 2010 | Notes | 2010 $ | 2009 $ |
|---|---|---|---|
| Sale of goods | | 36,915,791 | 40,020,521 |
| Other operating income | 4 | 295,384 | 504,957 |
| | | 37,211,175 | 40,525,478 |
| Increase in inventories of manufactured finished goods and work-in-progress | | 84,732 | 141,853 |
| Raw materials consumed | | (6,748,906) | (5,253,997) |
| Cost of purchased trading goods sold | | (22,009,823) | (27,705,914) |
| Staff costs | 5 | (2,886,250) | (2,618,782) |
| Depreciation of property, plant and equipment | 9 | (196,028) | (244,040) |
| Other operating expenses | 6 | (4,030,681) | (3,785,802) |
| Interest income | | 1,609 | 590 |
| Interest expenses | 7 | (3,486) | (96,323) |
| **Profit before tax** | | 1,422,342 | 963,063 |
| Income Tax expense | 8 | (258,508) | (159,688) |
| **Profit net of tax** | | 1,163,834 | 803,375 |
| **Other comprehensive income** | | | |
| Effect of reduction in tax rate on other comprehensive income | | – | 10,106 |
| **Total comprehensive income for the year** | | 1,163,834 | 813,481 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# BALANCE SHEET

| AS AT 31 MARCH 2010 | Note | Group 2010 $ | Group 2009 $ | Company 2010 $ | Company 2009 $ |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 9 | 2,350,416 | 2,400,726 | 2,350,416 | 2,400,726 |
| Investments in subsidiary | 10 | – | – | 3,000 | 3,000 |
| | | 2,350,416 | 2,400,726 | 2,353,416 | 2,403,726 |
| **Current assets** | | | | | |
| Inventories | 11 | 6,479,386 | 6,738,683 | 6,479,386 | 6,738,683 |
| Trade and other receivables | 12 | 9,952,332 | 9,980,981 | 9,952,332 | 9,980,981 |
| Prepaid operating expenses | | 11,653 | 53,757 | 11,653 | 53,757 |
| Cash and cash equivalents | 13 | 1,140,815 | 556,898 | 1,140,815 | 556,898 |
| | | 17,584,186 | 17,330,319 | 17,584,186 | 17,330,319 |
| **Current liabilities** | | | | | |
| Provisions | 14 | 864,382 | 661,872 | 864,382 | 661,872 |
| Income tax payable | | 303,584 | 184,324 | 303,584 | 184,324 |
| Loans and borrowings | 15 | – | 1,369,992 | – | 1,369,992 |
| Trade and other payables | 16 | 5,417,913 | 5,198,805 | 5,417,913 | 5,198,805 |
| Accrued operating expenses | | 1,328,740 | 1,418,964 | 1,328,740 | 1,418,964 |
| | | 7,914,619 | 8,833,957 | 7,914,619 | 8,833,957 |
| **Net current assets** | | 9,669,567 | 8,496,362 | 9,669,567 | 8,496,362 |
| **Non current liability** | | | | | |
| Deferred tax liability | 17 | (151,597) | (192,536) | (151,597) | (192,536) |
| **Net assets** | | 11,868,386 | 10,704,552 | 11,871,386 | 10,707,552 |
| **Equity attributable to equity holder of the Company** | | | | | |
| Share capital | 18 | 9,736,500 | 9,736,500 | 9,736,500 | 9,736,500 |
| Reserves | | 2,131,886 | 968,052 | 21,34,886 | 971,052 |
| **Total equity** | | 11,868,386 | 10,704,552 | 118,71,386 | 10,707,552 |

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

| Group | Equity attributable to owner of the parent | | | | |
|---|---|---|---|---|---|
| | Share capital $ | Revaluation Reserve (1) $ | Retained Earnings/ (Accumulated Losses) $ | Total Reserves $ | Total Equity $ |
| Balance at 1 April 2009 | 9,736,500 | 1,543,183 | (575,131) | 968,052 | 10,704,552 |
| Profit net of tax, representing total comprehensive income for the year | – | – | 1,163,834 | 1,163,834 | 1,163,834 |
| **Balance at 31 March 2010** | 9,736,500 | 1,543,183 | 588,703 | 2,131,886 | 11,868,386 |
| | **Equity attributable to owner of the parent** | | | | |
| | **Share capital $** | **Revaluation Reserve (1) $** | **Accumulated Losses $** | **Total Reserves $** | **Total Equity $** |
| Balance at 1 April 2008 | 9,736,500 | 1,533,077 | (1,378,506) | 154,571 | 9,891,071 |
| Pfofit net of tax | – | – | 803,375 | 803,375 | 803,375 |
| Other comprehensive income for the year | – | 10,106 | – | 10,106 | 10,106 |
| Total comprehensive income for the year | – | 10,106 | 803,375 | 813,481 | 813,481 |
| **Balance at 31 March 2009** | 9,736,500 | 1,543,183 | (575,131) | 968,052 | 10,704,552 |

(1) The revaluation reserve relates to surplus arising on revaluation of property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

| Company | Share capital $ | Revaluation Reserve [1] $ | Retained Earnings/ (Accumulated Losses) $ | Total Reserves $ | Total Equity $ |
|---|---|---|---|---|---|
| Balance at 1 April 2009 | 9,736,500 | 1,543,183 | (572,131) | 971,052 | 107,07,552 |
| Profit net of tax, representing total comprehensive income for the year | – | – | 1,163,834 | 1,163,834 | 1,163,834 |
| **Balance at 31 March 2010** | 9,736,500 | 1,543,183 | 591,703 | 21,34,886 | 11,871,386 |

| | Share capital $ | Revaluation Reserve [1] $ | Accumulated Losses $ | Total Reserves $ | Total Equity $ |
|---|---|---|---|---|---|
| Balance at 1 April 2008 | 9,736,500 | 1,533,077 | (1,375,506) | 157,571 | 9,894,071 |
| Profit net of tax | – | – | 803,375 | 803,375 | 803,375 |
| Other comprehensive income for the year | – | 10,106 | – | 10,106 | 10,106 |
| Total comprehensive income for the year | – | 10,106 | 803,375 | 813,481 | 813,481 |
| **Balance at 31 March 2009** | 9,736,500 | 1,543,183 | (572,131) | 971,052 | 10,707,552 |

[1] The revaluation reserve relates to surplus arising on revaluation of property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010**

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| **Operating activities** | | |
| Profit before tax | 1,422,342 | 963,063 |
| Adjustments for: | | |
| Allounce for inventory obsolescence | 330,585 | 192,839 |
| Allowance for doubtful trade debts | 1,831,944 | 1,449,856 |
| Allowance for inventory obsolescence written back | (169,551) | (120,999) |
| Allowance for doubtful trade debts written back | (44,526) | (17,589) |
| Depreciation of property, plant and equipment | 196,028 | 244,040 |
| Interest income | (1,609) | (590) |
| Interest expense | 3,486 | 96,323 |
| Gain on disposal of property, plant and equipment | (507) | (4,206) |
| Provision for warranty claims | 316,595 | 298,270 |
| Provision for leave entitlement | 18,335 | 19,260 |
| Total adjustments | 2,480,780 | 2,157,204 |
| **Operating cash flows before changes in working capital** | 3,903,122 | 3,120,267 |
| Changes in working capital | | |
| Decrease in inventories | 98,263 | 694,022 |
| (Increase)/decrease in trade and other receivables and prepaid operating expenses | (1,716,665) | 580,293 |
| (Increase)/decrease in trade and other payables and accrued operating expenses | 128,884 | (4,954,722) |
| Total changes in working capital | (1,489,518) | (3,680,407) |
| **Cash flows from/(used in) operations** | 2,413,604 | (560,140) |
| Warranty claims | (132,420) | (246,369) |
| Interest received | 1,609 | 590 |
| Interest paid | (3,486) | (96,323) |
| Income tax paid (net) | (180,187) | (302,751) |
| **Net cash flows from/(used in) operating activities** | 2,099,120 | (1,204,993) |
| **Investing activities** | | |
| Proceeds from disposal of property, plant and equipment | 773 | 4,206 |
| Purchase of property, plant and equipment | (145,984) | (67,086) |
| **Net cash flows used in investing activties** | (145,211) | (62,880) |
| **Financing activity** | | |
| (Repayment of)/proceeds from trade bills financing | (1,369,992) | 1,369,992 |
| **Net cash flows (used in)/fom financing activity** | (1,369,992) | 1,369,992 |
| **Net increase in cash and cash equivalents** | 583,917 | 102,119 |
| Cash and cash equivalents at the beginning of the year | 556,898 | 454,779 |
| **Cash and cash euivalents at the end of the year** | 1,140,815 | 556,898 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2010

1. Corporate information

Chloride Batteries S.E Asia Pte Limited ("the Company") is a limited liability company incorporated in Singapore. The registered office and principal place of business of the Company is located at 106 Neythal Road, Jurong Town, Singapore 628594.

The Company's immediate and ultimate holding company is Exide Industries Limited, a company incorporated in India.

The principal activities of the Company comprise of production and distribution of industrial battery chargers, rectifiers and parts thereof and the distribution of industrial and automotive batteries. The principal activities of the subsidiary are disclosed in Note 10 to the financial statements.

Related companies refer to subsidiaries and associates of the Company's holding company, Exide Industries Limited (EIL) and the holding company of a substantial shareholder of EIL, Chloride Eastern Industries Pte Ltd.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 April 2009.

- FRS 1 *Presentation of Financial Statements* (Revised)
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments*: Disclosures
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 Hedges of a *Net Investment in a Foreign Operation*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and messurement* – Embedded Derivatives
- INT FRS 118 *Transfers of Assets from Customers*

Adoption of these standards and interpretation did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

The principal effects of these changes are as follows:

FRS 1 *Presentation of Financial Statements – Revised presentation*

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (Cont'd)*

includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

*Amendments to FRS 107 financial Instruments: disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 21 and Note 22 to the financial statements respectively.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to INT FRS 109 and FRS 39 – *Embedded Derivatives* | 30 June 2009 |
| Amendments to FRS 27 *Consolidated and Separate Financial Statements* | 1 July 2009 |
| Amendments to FRS 39 *Financial Instruments*: Recognition and *Measurement* – Eligible Hedged Items | 1 July 2009 |
| Revised FRS 101 *First-time Adoption of Financial Reporting Standards* | 1 July 2009 |
| Revised FRS 103 *Business Combinations* | 1 July 2009 |
| Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* | *1 July 2009* |
| INT FRS 117 *Distributions of Non-cash Assets to Owners* | 1 July 2009 |
| INT FRS 118 *Transfer of Assets from Customers* | 1 July 2009 |
| Amendments to FRS 101 – Additional Exemptions for *First-Time Adopters* | 1 January 2010 |
| Amendments to FRS 102 *Share-based Payment* | 1 January 2010 |
| Amendments to FRS 32 *Financial Instruments: Disclosure and Presentation* | 1 February 2010 |
| INT FRS 119 *Extinguishing Financial Liabilities with Equity Instruments* | 1 July 2010 |
| Revised FRS 24 *Related Party Disclosures* | 1 January 2011 |
| INT FRS 114 *Prepayments of a Minimum Funding Requirement* | 1 January 2011 |
| Improvements to FRSs issued in 2009: | |
| – Amendments to FRS 38 *Intangible Assets* | 1 July 2009 |
| – Amendments to FRS 102 *Share-based Payment* | 1 July 2009 |
| – Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* | 1 July 2009 |
| – Amendments to INT FRS 116 *Hedges of a Net Investment in a Foreign Operation* | 1 July 2009 |
| – Amendments to FRS 1 *Presentation of Financial Statements* | 1 January 2010 |
| – Amendments to FRS 7 Statement of Cash Flows | 1 January 2010 |
| – Amendments to FRS 17 *Leases* | 1 January 2010 |
| – Amendments to FRS 36 *Impairment of Assets* | 1 January 2010 |
| – Amendments to FRS 39 *Financial Instruments: recognition and Measurement* | 1 January 2010 |
| – Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* | 1 January 2010 |
| – Amendments to FRS 108 *Operating Segments* | 1 January 2010 |

The Directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the balance sheet date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting ;policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable asets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the aquire are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 *Functional and foreign currency*

*Functional currency*

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

*Foreign currency*

transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (Cont'd)*

Property, plant and equipment were revalued on 31 March 1992 based on market value and subsequent additions are recorded at cost. The Group has no fixed policy on the frequency of valuation and the valuation on 31 March 1992 was carried out for the purpose of updating the book values of the property, plant and equipment.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed as follows:

(a) Leasehold building

The lease, which was acquired in 1968, expires in 2028. The revalued amounts or the cost of leasehold building is being depreciated on a straight line basis over the remaining lease period.

(b) Other property, plant and equipment

The revalued amounts or the cost of other property, plant and equipment are depreciated on a straight line basis over their useful lives as follows:

| | |
|---|---|
| Plant and equipment | 10 years |
| Furniture, fittings and office equipment | 3 to 10 years |
| Motor vehicles | 5 years |

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are perviously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment lossses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2. Summary of significant accounting policies (cont'd)

2.8 *Subsidiary*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

2.9 *Financial assets*

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans receivables are derecognised or impaired, and through the amortisation process.

2.10 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank.

2.12 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, work-in-progress and manufactured finished goods are determined on the weighted average method and that of purchased trading goods are determined on a first-in, first-out basis (FIFO). Cost of work-in-progress and manufactured finished goods include labour and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Allowance for obsolete, slow-moving or defective inventories is made where necessary.

2. Summary of significant accounting policies (cont'd)

2.13 *Provision*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provision for warranty represents the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past historical experience of the level of repairs and replacements.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 *Financial liabilities*

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.15 *Employee benefits*

*Defined contribution plan*

The Company makes contributions to the Central Provident fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date

2.16 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with transitional requirements of INT FRS 104.

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain owenership by the end of the lease term.

2. Summary of significant accounting policies (cont'd)

2.16 *(a) As lessee (Cont'd)*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17.

2.17 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

*Sales of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. This generally coincides with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of goods represents the invoiced value of goods sold net of goods and services tax, returned goods and trade discounts.

*Rental income*

Rental income is accounted for on a straight line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight line basis.

*Interest income*

Interest income is recognised using effective interest method.

2.18 *Income taxes*

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

2. Summary of significant accounting policies (cont'd)

2.18 *(b) Deferred tax (Cont'd)*

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxtion authority is included as part of receivables or payables in the balance sheet.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts reognised in the financial statements:

Income taxes

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. Significant accounting judgements and estimates

3.1 Income taxes *(Cont'd)*

The carrying amount of the Group's income tax payables and deferred tax liabilities at the balance sheet date was $3032,584 (2009: $184,324) and $151,597 (2009: $192,536) respectively.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight line basis over their estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group' plant and equipment at the balance sheet date is disclosed in Note 9 to the financial statements.

(b) Allowance for inventory obsolescence

The Group assesses whether there are any indicators of inventory obsolescence at each reporting date. This estimate is based on the current market condition and the historical experience of selling products of similar nature. It could change as a result of competitors' actions and/or technological developments. The carrying amount of the Group's inventories at the balance sheet date is disclosed in Note 11 to the financial statements.

(c) Impairment of loans and receivebles

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss eperience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 12 to the financial statemtns.

(d) Provision for warranty

A provison is recognised for expected warranty claims on products sold during the current year and prior years, based on past experience of the level of repairs and replacements. Assumptions used to calculate the provision for warranty were based on the actual warranty claim and sales levels in relation to previous financial years.

The carrying amount of the Group's provision for warranty at the balance sheet date is disclosed in Note 14 to the financial statements.

4. Other operating income

Other operating income includes the following:

| | Group | |
|---|---|---|
| | 2010<br>$ | 2009<br>$ |
| Foreign exchange gain | 252,741 | 473,309 |
| Rental income from related company | 12,000 | 12,000 |
| Gain on disposal of property, plant and equipment | 507 | 4,206 |

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| **5. Staff costs** | | |
| Wages and salaries | 2,491,295 | 2,233,926 |
| Central Provident Fund contributions | 256,844 | 256,189 |
| Other short-term benefits | 138,111 | 128,667 |
| | 2,886,250 | 2,618,782 |
| The above staff costs include the following: | | |
| Short-term employee benefits of directors and key management's remuneration | | |
| – Salaries and other benefits | 392,683 | 388,540 |
| – Central Provident Fund contributions | 14,391 | 14,924 |
| | 407,074 | 403,464 |
| Comprise amounts paid to: | | |
| – Directors of the Company | 224,483 | 212,213 |
| – Other key management personnel | 182,591 | 191,251 |
| | 407,074 | 403,464 |
| **6. Other operating expenses** | | |
| The follwing items have been included in arriving at other operating expenses: | | |
| Charged/(credited): | | |
| Allowance for inventory obsolescence | 330,585 | 192,839 |
| Allowance for doubtful trade debts | 1,831,944 | 1,449,856 |
| Rental expense – operating leases | 54,146 | 56,244 |
| Provision for warranty claims | 316,595 | 298,270 |
| Provision for leave entitlement | 18,335 | 19,260 |
| Gain on disposal of property, plant and equipment | (507) | (4,206) |
| Allowance for inventory obsolescence written back | (169,551) | (120,999) |
| Allowance for doubtful trade debts written back | (44,526) | (17,589) |
| **7. Interest expenses** | | |
| Bank borrowings | 3,486 | 86,444 |
| Loan from related company | – | 9,879 |
| | 3,486 | 96,323 |
| **8. Income tax expense** | | |
| Major components of income tax expense | | |
| The major components of income tax expense for the year ended 31 March 2010 and 2009 are: | | |
| Statement of comprehensive income | | |
| Current income tax | | |
| – Current income taxation | 303,584 | 184,324 |
| – Over provision in respent of previous years | (4,137) | – |
| | 299,447 | 184,324 |
| Deferred income tax | | |
| – Origination and reversal of temporary differences | (45,910) | (21,955) |
| – Effect of change in tax rate | – | (2,511) |
| – Under/(over) provision in respect of previous years | 4,971 | (170) |
| | (40,939) | (24,636) |
| Income tax expense recognised in profit or loss | 258,508 | 159,688 |
| Deferred tax relating to other comprehensive income | | |
| – Effect from change in tax rate on net surplus on revaluation of property, plant and equipment | – | (10,106) |
| | – | (10,106) |

8. Income tax expense *(Cont'd)*

Relationship between tax expense and accounting profit

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2010 and 2009 is as follows:

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Profit before tax | 1,422,342 | 963,063 |
| Tax calculated at a tax rate of 17% (2009: 17%) | 241,798 | 163,721 |
| Adjustments: | | |
| Income not subject to taxation | (28,824) | (20,570) |
| Non-deductible expenses | 70,625) | 45,143 |
| Effect on partial tax exemption and tax relief | (25,925) | (25,925) |
| Under/(over) provision in respect of previous year | 834 | (170) |
| Effect of change in tax rate | – | (2,511) |
| | 258,508 | 159,688 |

9. **Property, plant and equipment**

| | Leasehold building $ | Plant and equipment $ | Furniture, fittings and office equipment $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|
| **Group and Company** | | | | | |
| **Cost or valuation** | | | | | |
| At 1 April 2008 | | | | | |
| Cost | 1,059,525 | 434,745 | 439,483 | 293,483 | 2,227,236 |
| Valuation | 2,850,000 | 29,700 | 225,807 | – | 3,105,507 |
| | 3,909,525 | 464,445 | 665,290 | 293,483 | 5,332,743 |
| Additions | 2,698 | 50,870 | 13,518 | – | 67,086 |
| Disposals | – | (29,000) | (60,478) | – | (89,478) |
| Reclassification | (84,510) | – | 84,510 | – | – |
| At 31 March 2009 and 1 April 2009 | 3,827,713 | 486,315 | 702,840 | 293,483 | 5,310,351 |
| Additions | 6,800 | 31,292 | 107,892 | – | 145,984 |
| Dispopsals | – | – | – | (34,073) | (34,073) |
| **At 31 March 2010** | 3,834,513 | 517,607 | 810,732 | 259,410 | 5,422,262 |
| Representing | 984,513 | 487,907 | 584,925 | 259,410 | 2,316,755 |
| Cost | 2,850,000 | 29,700 | 225,807 | – | 3,105,507 |
| Valuation | 3,834,513 | 517,607 | 810,732 | 259,410 | 5,422,262 |
| **Accumulated depreciation** | | | | | |
| At 1 April 2008 | 1,644,181 | 316,982 | 533,968 | 259,932 | 2,755,063 |
| Charge for the year | 110,641 | 27,461 | 85,738 | 20,200 | 244,040 |
| Disposals | – | (29,000) | (60,478) | – | (89,478) |
| Reclassification | (31,075) | – | 31,075 | – | – |
| At 31 March 2009 and 1 April 2009 | 1,723,747 | 315,443 | 590,303 | 280,132 | 2,909,625 |
| Charge for the year | 110,981 | 29,974 | 43,854 | 11,219 | 196,028 |
| Disposals | – | – | – | (33,807) | (33,807) |
| **At 31 March 2010** | 1,834,728 | 345,417 | 634,157 | 257,544 | 3,071,846 |
| **Net book value** | | | | | |
| At 31 March 2010 | | | | | |
| Valuation | 1,422,738 | – | – | – | 1,422,738 |
| Cost | 577,047 | 172,190 | 176,575 | 1,866 | 927,678 |
| Total | 1,999,785 | 172,190 | 176,575 | 1,866 | 2,350,416 |

**9. Property, plant and equipment** *(Cont'd)*

| | Leasehold building $ | Plant and equipment $ | Furniture, fittings and office equipment $ | Motor Vehicles $ | Total $ |
|---|---|---|---|---|---|
| At 31 March 2009 | | | | | |
| Valuation | 1,501,905 | – | – | – | 1,501,905 |
| Cost | 602,061 | 170,872 | 112,537 | 13,351 | 898,821 |
| Total | 2,103,966 | 170,872 | 112,537 | 13,351 | 2,400,726 |

The net book value of property, plant and equipment carried at valuation,had such assets been stated at historical cost less accumulated depreciation would have been as follows:

| | Leasehold building $ | Plant and equipment $ | Furniture, fittings and office equipment $ |
|---|---|---|---|
| **Net book value** | | | |
| At 31 March 2010 | 249,737 | – | – |
| At 31 March 2009 | 276,875 | – | – |

**Assets pledged as security**

The Group's and the Company's leasehold building with a carrying amount of $1,999,785 (2009: $2,102,966) is mortgaged to secure the Company's banking facilities. In addition, an all monies debenture incorporating a fixed and floating charge over the assets of the Company was provided to the bank.

**10. Investment in subsidiary**

| | Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Unquoted equity shares, at cost | 3,000 | 3,000 |

Details of investment in subsidiary are as follows:

| Name of subsidiary | Principal activities | Country of incorporation | Equity holding 2010 % | Equity holding 2009 % |
|---|---|---|---|---|
| Exide Batteries (Pvt) Limited | Dormant | Sri Lanka | 100 | 100 |

The subsidiary has not commenced its operations since incorporation.

The subsidiary of the Company is audited by another firm of Chartered Accountants.

**11. Inventories**

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Balance sheet: | | |
| Raw materials | 1,078,924 | 927,127 |
| Work-in-progress | 49,201 | 128,438 |
| Manufactured finished goods | 318,343 | 190,404 |
| Purchased trading goods | 5,032,918 | 5,492,714 |
| Total inventories at lower of cost and net realisable value | 6,479,386 | 6,738,683 |
| Income statement: | | |
| Inventories recognised as an expense in: | | |
| Increase in inventories of manufactured finished goods and work-in-progress | (84,732) | (141,853) |
| Raw materials consumed | 6,748,906 | 5,253,997 |
| Cost of purchased trading goods sold | 22,009,823 | 27,705,914 |

11. Inventories *(Cont'd)*

During the year, a write-back of allowance for inventory obsolescence of $169,551 (2009: $120,999) and an allowance for inventory obsolescence of $330,585 (2009: $192,839) were recognised in profit or loss. The write-back was made when the related inventories were sold above their carrying amounts.

12. Trade and other receivable

| | Group | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade and other receivable (current): | | |
| Trade receivables | | |
| – Third parties | 9,897,410 | 9,826,695 |
| – Related companies | – | 85,314 |
| | 9,897,410 | 9,912,009 |
| Amount due from related company | 1,372 | 1,352 |
| Deposits | 10,250 | 10,250 |
| Advances and staff loans | 43,300 | 57,370 |
| Total trade and other receivables | 9,952,332 | 9,980,981 |
| Add: Cash and cash equivalents (Note 13) | 1,140,815 | 556,898 |
| Total loans and receivables | 11,093,147 | 10,537,879 |

Trade receivables

Trade receivables are non-interest bearing and generally on 30 to 90 days' terms. They are recognised at their orginal invoiced amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group and the Company are amounts of $1, 470,000 (2009: $2,327,000) and $1,827,000 (2009: $1222,000) denominated in US dollars and Hong Kong dollars respectively.

Related party balances and staff loans

Amount due from related company is unsecured, non-interest bearing and is repayable on demand.

Staff loans are mainly unsecured, repayable on demand and interest-free.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $4,387,767 (2009: $4,418,826) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade receivables past due: | | |
| Less than 30 days | 2,677,497 | 2,012,347 |
| 30 to 60 days | 737,810 | 1,297,609 |
| 61 to 90 days | 659,932 | 892,552 |
| 91 to 120 days | 161,436 | 105,404 |
| More than 120 days | 151,092 | 110,914 |
| | 4,387,767 | 4,418,826 |

Receivables that are impaired

The Group trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

| | Group and Company Individually impaired | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade receivables – nominal amounts | 1,605,737 | 1,735,345 |
| Less: Allowance for impairment | (263,491) | (1,462,949) |
| | 1,342,246 | 272,396 |

12. Trade and other receivable *(Cont'd)*

| | Group and Company Individually impaired | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Movement in allowance accounts: | | |
| At 1 April | 1,462,949 | 30,682 |
| Charge for the year | 1,831,944 | 1,449,856 |
| Written back | (44,526) | (17,589) |
| Written off | (2,986,876) | – |
| At 31 March | 263,491 | 1,462,949 |

Trade receivables that are individually determined to be impaired at the balance sheet date related to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The write back was made when the related trade debts were subsequently collected.

Included in the allowance account as at 31 March 2009 was an amount of $1,344,067 for impairment of trade receivable from a related company with a nominal amount of $1,429,381.

13. Cash and equivalents

| | Group and Company Individually impaired | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Cash on hand and at bank | 1,140,815 | 556,898 |

Cash at bank earns interest rate at between 0.04% to 1.32% (2009: 0.11% to 1.20%) per annum.

14. Provisions

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Provision for warranty claims | 710,053 | 525,878 |
| Provision for employee leave entitlement | 154,329 | 135,994 |
| | 864,382 | 661,872 |

Movements in provision for warranty claims are as follows:

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Balance at the beginning of he financial year | 525,878 | 473,977 |
| Provision made during the financial year | 316,595 | 298,270 |
| Utilised during the financial year | (132,420) | (246,369) |
| Balance at the end of the financial year | 710,053 | 525,878 |

15. Loans and borrowings

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade bills financing, representing total loans and borrowings | – | 1,369,992 |

The amounts are secured by the following:

(a) an all monies mortgage over the property located at 106 Neythal Road, Jurong Town, Singapore 628594; and

(b) an all monies debenture over all present and future assets incorporating fixed and floating charge over the present and future assets of the Company.

The trade bills, which bore interest at the Bank's prevailing commercial bills rate, which ranged from 3.15% to 3.60% per annum, matured in May and June 2009.

16. Trade and other payables

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Trade and other payables (current): | | |
| Trade payables: | | |
| – Third parties | 2,517,953 | 2,543,652 |
| – Holding company | 2,599,750 | 2,468,988 |
| | 5,117,703 | 5,012,640 |
| Other payables | 300,210 | 186,165 |
| Total trade and other payables | 5,417,913 | 5,198,805 |
| Accrued operating expenses | 1,328,740 | 1,418,964 |
| Loans and borrowings (Note 15) | – | 1,369,992 |
| Total financial liabilities carried at amortised cost | 6,746,653 | 7,987,761 |

Trade payables/other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 90 day terms.

Included in trade and other payables of the Group and the Company are amounts of $623,000 (2009: $3,510,000) denominated in US dollars.

17. Deferred tax liability

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Deferred tax liability: | | |
| Differences in depreciation for tax purposes | 143,915 | 141,837 |
| Revaluation to fair value – property, plant and equipment | 154,627 | 163,217 |
| | 298,542 | 305,054 |
| Deferred tax assets: | | |
| Provisions | (146,945) | (112,518) |
| Net deferred tax liability | 151,597 | 192,536 |

18. Share capital

| | Group and Company 2009 and 2010 | |
|---|---|---|
| | No. of shares | $ |
| Ordinary shares issued and fully paid | | |
| Balance at the beginning and end of the year | 7,000,000 | 9,736,500 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

19. Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are payable as follows:

| | Group and Company | |
|---|---|---|
| | 2010 $ | 2009 $ |
| Not later than one year | 117,370 | 108,006 |
| Later than one year but not later than five years | 355,025 | 333,380 |
| Later than five years | 2,199,208 | 2,290,723 |
| | 2,671,603 | 2,732,109 |

The non-cancellable operating lease relates to the leasehold building for manufacturing and distribution purposes. This lease has a remaining lease term of 18 (2009: 19) years and includes clause to enable upward revision of the rental charges on a 5 yearly basis based on the prevailing market conditions. The lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

20. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company entered into the following significant transactions with related parties during the financial year on terms agreed by the parties concerned:

20. Related party transactions *(Cont'd)*

| | Group and Company | |
|---|---|---|
| | 2010 | 2009 |
| | $ | $ |
| Sales to holding company | 3,615 | – |
| Sales to related company | 251 | 2,354,488 |
| Purchases from related company | 254,891 | 9,819 |
| Purchases from holding company | 13,059,426 | 16,973,371 |
| Rental income from related company | 12,000 | 12,000 |
| Interest paid to related company | – | 9,879 |
| Trademark expenses paid to related company | 6,248 | 1,923 |
| Interest received from related company | 174 | – |

21. Fair value of financial instruments

A. Fair value of financial instruments that are carried at fair value

*Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e, derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

*Determination of fair value*

At balance sheet date, the Group does not have any financial instruments carried at fair value.

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Current trade and other receivables and payables: accrued operating expenses and loans and borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

At the balance sheet date, the Group does not have any financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

22. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

*Exposure to credit risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

22. Financial risk management objectives and policies (Cont'd)

(a) Credit risk *(Cont'd)*

*Credit risk concentration profile*

The Group and the Company has no significant concentration of credit risk.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions.

*Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Note 12 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's and the company's financial liabilities at the balance sheet date based on contractual undiscounted repayments obligations:

| | Group and Company | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | One year or less $ | Total $ | One year or less $ | Total $ |
| Financial assets: | | | | |
| Trade and other receivables | 9,952,332 | 9,952,332 | 9,980,981 | 9,980,981 |
| Cash and cash equivalents | 1,140,815 | 1,140,815 | 556,898 | 556,898 |
| Total undiscounted financial assets | 11,093,147 | 11,093,147 | 10,537,879 | 10,537,879 |
| Financial liabilities: | | | | |
| Trade and other payables | 5,417,913 | 5,417,913 | 5,198,805 | 5,198,805 |
| Accrued operating expenses | 1,328,740 | 1,328,740 | 1,418,964 | 1,418,964 |
| Loans and borrowings | – | – | 1,369,992 | 1,369,992 |
| Total undiscounted financial liabilities | 6,746,653 | 6,746,653 | 7,987,761 | 7,987,761 |
| Total net undiscounted financial assets | 4,346,494 | 4,346,494 | 2,550,118 | 2,550,118 |

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly US Dollar (USD). Australian Dollars (AUD) and Hong Kong Dollars (HKD). Approximately 41% (2009: 46%) of the Group's sales are denominated in foreign currencies whilst almost 80% (2009: 20%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in USD and HKD) amount to $790,682 (2009: $520,875) for the Group and the Company.

*Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

22. Financial risk management objectives and policies (Cont'd)

(c) Foreign currency risk *(Cont'd)*

| | | Group<br>Profit net of tax | |
|---|---|---|---|
| | | 2010<br>$'000 | 2009<br>$'000 |
| USD/SGD | Strengthened by 3% (2009: 3%) | + 31 | – 18 |
| | Weakened by 3% (2009: 3%) | – 31 | + 18 |
| HKD/SGD | Strengthened by 4% (2009: 4%) | + 59 | + 41 |
| | Weakened by 4% (2009: 4%) | – 59 | – 41 |

23. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2010 and 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 60%. The Group includes within net debt, loans and borrowings, trade and other payables, accrued operating expenses, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Company.

| | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Loans and borrowings (Note 15) | – | 1,369,992 |
| Trade and other payables (Note 16) | 5,417,913 | 5,198,805 |
| Accrued operating expenses | 1,328,740 | 1,418,964 |
| Less: Cash and cash equivalents (Note 13) | (1,140,815) | (556,898) |
| Net debt | 5,605,838 | 7,430,863 |
| Equity attributable to equity holders of the Company | 11,868,386 | 10,704,552 |
| Capital and net debt | 17,474,224 | 18,135,415 |
| Gearing ratio | 32% | 41% |

24. Authorisation of financial statements

These financial statements for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the directors on 22 April 2010.

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# BALANCE SHEET

**AS AT 31 MARCH 2010**

AT INR

| | SCHEDULE | 31.03.2010 Rs. | 31.03.2010 Rs. | 31.03.2009 Rs. | 31.03.2009 Rs. |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 313,223,205 | | 326,756,940 | |
| Reserves & Surplus | 2 | 58,532,115 | | 18,968,788 | |
| | | | 371,755,320 | | 345,725,728 |
| Loan Funds | | | | | |
| Secured | 3 | | – | | 45,976,932 |
| Deferred Tax Liability | 4 | | 4,876,875 | | 6,461,509 |
| | | | 376,632,195 | | 398,164,169 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | 5 | | | | |
| Gross Block | | 154,847,071 | | 151,246,893 | |
| Less: Depreciation | | 89,284,845 | | 83,858,406 | |
| Net Block : | | | 65,562,226 | | 67,388,487 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 6 | 208,441,847 | | 226,150,201 | |
| Sundry Debtors | 7 | 318,399,679 | | 332,647,022 | |
| Cash & Bank Balances | 8 | 36,700,019 | | 18,689,497 | |
| Loans & Advances | 9 | 2,141,718 | | 4,118,785 | |
| | | 565,683,263 | | 581,605,505 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Liabilities | 10 | 217,039,828 | | 222,092,327 | |
| Provisions | 11 | 37,573,466 | | 28,737,496 | |
| | | 254,613,294 | | 250,829,823 | |
| Net Current Assets | | | 311,069,969 | | 330,775,682 |
| | | | 376,632,195 | | 398,164,169 |

## CHLORIDE BATTERIES S.E. ASIA PTE LIMITED

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2010**

AT INR

| | SCHEDULE | 2009-10 Rs. | 2008-09 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Net Sales | 12 | 1,226,711,735 | 1,293,663,341 |
| Other Income | 13 | 1,417,060 | 635,122 |
| | | 1,228,128,795 | 1,294,298,463 |
| **EXPENDITURE** | | | |
| Increase in Stocks | 14 | 21,302,957 | (190,890) |
| Material Consumed | 15 | 230,047,083 | 162,524,353 |
| Purchase of Trading Goods | | 708,959,908 | 883,600,442 |
| Personnel Costs | 16 | 96,164,763 | 84,652,128 |
| Expenses | 17 | 117,813,276 | 110,024,356 |
| Interest and Finance Costs | 18 | 62,373 | 3,094,569 |
| Depreciation /Amortisation | 19 | 6,514,010 | 7,888,593 |
| | | 1,180,864,370 | 1,251,593,551 |
| **BALANCE** | | 47,264,425 | 42,704,912 |
| Profit before Tax | | 47,264,425 | 42,704,912 |
| Taxation | 20 | 8,590,221 | 5,161,915 |
| **PROFIT AFTER TAXATION** | | 38,674,204 | 37,542,997 |
| Balance brought forward | | (7,219,122) | (44,762,119) |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | 31,455,082 | (7,219,122) |
| APPROPRIATIONS | | 31,455,082 | (7,219,122) |
| Balance Carried Forward | | | |
| | | 31,455,082 | (7,219,122) |

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT AND FOR THE YEAR ENDED 31 MARCH 2010**

AT INR

| | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|
| 1. SHARE CAPITAL | | |
| Authorised | | |
| Issued & Subscribed | 313,223,205 | 326,756,940 |
| | 313,223,205 | 326,756,940 |
| 2. RESERVES AND SURPLUS | | |
| Revaluation Reserve | 43,432,072 | 43,432,072 |
| Foreign Currency Translation Reserve | (16,355,039) | (17,244,162) |
| Profit & Loss Account Balance | 31,455,082 | (7,219,122) |
| | 58,532,115 | 18,968,788 |
| 3. LOAN FUNDS | | |
| Bank Overdraft | – | 45,976,932 |
| | – | 45,976,932 |
| 4. DEFERRED TAX LIABILITY | | |
| Deferred Tax Liability as at 1st April 2008 | 6,193,883 | 4,760,050 |
| Add : Deferred Tax liability for the year | (209,491) | 5,477,563 |
| Less : Transfer to provision for taxation | 1,107,517 | 3,776,104 |
| | 4,876,875 | 6,461,509 |

5. FIXED ASSETS

| Particulars | GROSS BLOCK Cost/Valuation as at 1.4.2009 (Rs.) | Addition (Rs.) | Deduction (Rs.) | Cost/Valuation as at 31.3.2010 (Rs.) | DEPRECIATION As at 1.4.2009 (Rs.) | Depre-ciation/ Amor-tisation (Rs.) | Less: On Sales/ adjust-ments (Rs.) | As at 31.3.2010 (Rs.) | NET VALUE As at 31.3.2010 (Rs.) | As at 31.3.2009 (Rs.) |
|---|---|---|---|---|---|---|---|---|---|---|
| Goodwill | (a) | | | 0 | | | | 0 | 0 | 0 |
| Land | | | | | | | | | | |
| Freehold | | | | 0 | | | | 0 | 0 | 0 |
| Leasehold | | | | 0 | | | | 0 | 0 | 0 |
| Buildings | 109,379,566 | 218,756 | 0 | 109,598,322 (c) | 49,533,644 | 3,687,899 | 0 | 53,221,543 | 56,376,779 | 59,845,922 |
| Plant & Machinery | 13,785,262 | 1,006,664 | 0 | 14,791,926 | 8,975,843 | 996,036 | 0 | 9,971,879 | 4,820,047 | 4,809,419 |
| Moulds | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Furniture & Fittings | 19,664,973 | 3,470,886 | 1,096,128 | 22,039,731 | 17,287,045 | 1,457,268 | 0 | 18,744,313 | 3,295,418 | 2,377,928 |
| Motor Vehicles | 8,417,092 | 0 | 0 | 8,417,092 | 8,061,874 | 372,807 | 1,087,571 | 7,347,110 | 1,069,982 | 355,218 |
| Computers | | | | 0 | | | | 0 | 0 | 0 |
| Total | 151,246,893 | 4,696,306 (d) | 1,096,128 | 154,847,071 | 83858,406 | 6,514,010 | 1,087,571 | 89,284,845 | 65,562,226 | 67,388,487 |
| Previous year's Total | 151,998,369 | 2,251,406 (d) | 3,002,882 | 151,246,893 | 78,972,695 | 7,888,593 | 3,002,882 | 83,858,406 | | |
| Capital Work-in-Progress | | | | | | | | | 65,562,226 | 67,388,487 |

| | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|
| 6. INVENTORIES | | |
| *(At Lower of Cost or Net Realisable value)* | | |
| Stores, Spare parts, Loose Tools etc* | | |
| Raw Materials and Components@ | 34,708,985 | 31,114,382 |
| Work-in-progress | 1,582,796 | 4,310,379 |
| Finished goods (including in transit) | 10,241,094 | 6,389,958 |
| Trading Goods | 161,908,972 | 184,335,482 |
| | 208,441,847 | 226,150,201 |
| 7. SUNDRY DEBTORS | | |
| (Unsecured, Considered good) | | |
| Debts over six months | 14,823,453 | 3,610,150 |
| Other Debts | 303,576,226 | 329,036,872 |
| | 318,399,679 | 332,647,022 |

AT INR

| | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|
| 8. CASH AND BANK BALANCES | | |
| Cash and Cheques in hand (including Remittances in transit) | | |
| Balances with Scheduled banks on : | | |
| Current Account | 36,700,019 | 18,689,497 |
| | 36,700,019 | 18,689,497 |
| 9. LOANS AND ADVANCES | | |
| (Unsecured, Considered good) | | |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | 1,811,975 | 3,774,795 |
| Others | 329,743 | 343,990 |
| | 2,141,718 | 4,118,785 |
| 10. LIABILITIES | | |
| Sundry Creditors | | |
| - Due to others | 164,636,506 | 168,224,198 |
| Other Liabilities | 52,403,322 | 53,868,129 |
| | 217,039,828 | 222,092,327 |
| 11. PROVISIONS | | |
| Leave Encashment | 4,964,764 | 4,563,959 |
| Product related Warranty / Guarantees | 22,842,405 | 17,648,466 |
| Taxation (net of Advance Tax) | 9,766,297 | 6,525,071 |
| | 37,573,466 | 28,737,496 |
| | 2009-10 | 2008-09 |
| 12. SALES | | |
| Storage Batteries | 1,226,711,735 | 1,293,663,341 |
| | 1,226,711,735 | 1,293,663,341 |
| 13. OTHER INCOME | | |
| Sundry Income | 1,400,179 | 499,163 |
| Profit on Sale of Assets | 16,881 | 135,959 |
| | 1,417,060 | 635,122 |
| 14. INCREASE IN STOCKS | | |
| Opening Stocks | | |
| Work-in-progress | 4,310,379 | 3,144,148 |
| Finished Goods | 6,389,958 | 2,155,573 |
| Trading Goods | 184,335,482 | 189,545,208 |
| | 195,035,819 | 194,844,929 |
| Closing Stock | | |
| Work-in-progress | 1,582,796 | 4,310,379 |
| Finished Goods | 10,241,094 | 6,389,958 |
| Trading Goods | 161,908,972 | 184,335,482 |
| | 173,732,862 | 195,035,819 |
| | (21,302,957) | 190,890 |

AT INR

| | Rs. | 31.3.2010 Rs. | Rs. | 31.3.2009 Rs. |
|---|---|---|---|---|
| 15. **MATERIALS CONSUMED** | | | | |
| Opening Stock | 31,114,382 | | 17,758,830 | |
| Add : Purchases (including Processing charges, Procurement expenses etc and after adjusting Modvat Credits) | 233,641,686 | | 175,879,905 | |
| | 264,756,068 | | 193,638,735 | |
| Less : Closing Stock | 34,708,985 | | 31,114,382 | |
| | | 230,047,083 | | 162,524,353 |
| | | 230,047,083 | | 162,524,353 |
| 16. **PERSONNEL COSTS** | | | | |
| Salaries, Wages & Bonus | | 83,040,408 | | 72,211,658 |
| Contribution to Provident & Other Funds | | 8,534,926 | | 8,281,309 |
| Welfare Expenses | | 4,589,429 | | 4,159,161 |
| | | 96,164,763 | | 84,652,128 |
| 17. **EXPENSES** | | | | |
| Stores & Spare Parts consumed | | 2,217,239 | | 2,369,355 |
| Repairs & Maintenance | | | | |
| Buildings | 1,356,017 | | 1,366,397 | |
| Plant & Machinery | 1,119,053 | | 938,610 | |
| | | 2,475,070 | | 2,305,007 |
| Rent & Hire Charges (net) | | 1,799,272 | | 1,430,187 |
| Rates & Taxes | | 770,105 | | 1,445,736 |
| Insurance | | 1,781,992 | | 1,710,685 |
| Commission | | 7,051,871 | | 9,648,374 |
| Publicity and Sales Promotion | | 4,289,195 | | 862,933 |
| Freight & Forwarding (net) | | 21,147,971 | | 24,414,875 |
| Product related Warranty / Guarantees | | | | |
| Selling Expenses (Schedule 21) | | 220,880 | | 533,292 |
| Travelling & Conveyance | | 7,179,009 | | 8,028,298 |
| Bank Charges | | 2,573,032 | | 4,906,592 |
| Communication Costs | | 1,798,042 | | 1,652,666 |
| Auditors' Remuneration | | – | | – |
| Audit Fees | | 996,900 | | 969,750 |
| Bad Debts written off | | 59,395,933 | | 46,298,031 |
| Miscellaneous Expenses (Schedule – 22) | | 4,116,765 | | 3,448,575 |
| | | 117,813,276 | | 110,024,356 |

AT INR

| | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|
| 18. INTEREST AND FINANCE COST | | |
| Interest on : | | |
| Working Capital Borrowings | 115,840 | 3,113,641 |
| Fund Mobilisation Costs | | |
| | 115,840 | 3,113,641 |
| Less : Interest Captalised | | |
| Interest Received on loans, deposits etc. | 53,467 | 19,072 |
| | 62,373 | 3,094,569 |
| 19. DEPRECIATION / AMORTISATION | | |
| Charge for the year | 6,514,010 | 7,888,593 |
| | 6,514,010 | 7,888,593 |
| 20. TAXATION | | |
| Provision for Income Tax | 8,590,221 | 5,161,915,00 |
| | 8,590,221 | 5,161,915 |
| 21. SELLING EXPENSES | | |
| Testing Charges | 220,880 | 533,292 |
| Liquidated Damages, Claims and Breakages | – | – |
| | 220,880 | 533,292 |
| 22. MISCELLANEOUS EXPENSES | | |
| Entertainment | 1,380,142 | 1,181,092 |
| Consultancy & Services outsourced | 408,928 | 50,346 |
| Security Service Charges | 1,508,742 | 1,396,440 |
| General Expenses | 145,348 | 150,990 |
| Legal Expenses | – | – |
| Printing & Stationery | 673,605 | 669,707 |
| | 4,116,765 | 3,448,575 |

# ESPEX BATTERIES LIMITED

(Incorporated in the UK)

## DIRECTORS

T V Ramanathan, Chairman

G J Schoenmann

Mrs A J Hall

T W Atkins

G Chatterjee

A K Mukherjee

## SECRETARY

Mrs A J Hall

## REGISTERED OFFICE

Fairway House
Links Business Park
St Mellons
Cardiff, South Glamorgan
CF3 OLT

## REGISTERED NUMBER

4631417

## AUDITORS

Hayvenhursts Limited
Chartered Accountants &
Registered Auditor
Fairway House
Links Business Park
St Mellons, Cardiff
CF3 OLT

## BANKER

The Hongkong and Shanghai
Banking Corporation Limited

# REPORT OF THE DIRECTORS

**FOR THE YEAR ENDED 31 MARCH 2010**

The directors present their report with the financial statements of the company for the year ended 31 March 2010.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of suppliers of industrial batteries.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2009 to the date of this report

T W Atkins
G J Schoenmann
Mrs A J Hall
T V Ramanathan
G Chatterjee
A K Mukherjee

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Hayvenhursts Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the Board;

Date: 19/04/2010

T W Atkins - Director

# REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF

**ESPEX BATTERIES LIMITED**

We have audited the financial statements of Espex Batteries Limited for the year ended 31 March 2010 on pages six to twelve. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An Audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes in assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Enitities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the Report of the Directors in accordance with the small companies regime.

Stephen Francis Cox (Senior Statutory Auditors)
for and on behalf of Hayvenhursts Limited
Chartered Accountants &
Registered Auditor
Fairway House
Links Business Park
St. Mellons, Cardiff
CF3 OLT

Date: 21st April, 2010

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2010**

| | Notes | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|---|---|---|---|---|---|
| **TURNOVER** | | | 4,001,095 | | 3,461,679 |
| Cost of sales | | | 3,103,852 | | 2,797,639 |
| **GROSS PROFIT** | | | 897,243 | | 664,040 |
| Distribution costs | | 185,532 | | 210,216 | |
| Administrative expenses | | 603,662 | | 562,014 | |
| | | | 789,194 | | 772,230 |
| **OPERATING PROFIT/(LOSS)** | 2 | | 108,049 | | (108,190) |
| Interest payable and similar charges | | | 60,134 | | 33,790 |
| **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION** | | | 47,915 | | (141,980) |
| Tax on profit/(loss) on ordinary activities | 3 | | 13,661 | | (31,538) |
| **PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION** | | | 34,254 | | (110,442) |

The notes form part of these financial statements

# BALANCE SHEET

**AS AT 31 MARCH 2010**

| | Notes | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 5 | | 79,365 | | 94,254 |
| **CURRENT ASSETS** | | | | | |
| Stocks | | 1,023,426 | | 1,000,311 | |
| Debtors | 6 | 1,529,637 | | 930,988 | |
| Cash at bank and in hand | | 29,445 | | 61,843 | |
| | | 2,582,508 | | 1,993,142 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 7 | 2,367,979 | | 1,809,063 | |
| **NET CURRENT ASSETS** | | | 214,529 | | 184,079 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 293,894 | | 278,333 |
| **CREDITORS** | | | | | |
| Amounts falling due after more than one year | 8 | | (12,617) | | (23,686) |
| **PROVISIONS FOR LIABILITIES** | 11 | | (2,376) | | – |
| NET ASSETS | | | 278,901 | | 254,647 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | 12 | | 200,004 | | 200,004 |
| Profit and loss account | 13 | | 78,897 | | 54,643 |
| **SHAREHOLDERS' FUNDS** | | | 278,901 | | 254,647 |

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 19 April, 2010 and were signed on its behalf by:

T W Atkins - Director

The notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2010**

## 1. ACCOUNTING POLICIES

### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

### Turnover

Turnover represents net invoiced sale of goods, excluding value added tax.

### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

| | | |
|---|---|---|
| Plant and machinery | - | 33% on cost.<br>20% on cost and<br>10% on cost |
| Motor vehicles | - | 25% on cost |

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

### Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

## 2. OPERATING PROFIT/(LOSS)

The operating profit (2009 - operating loss) is stated after charging:

| | 2010<br>£ | 2009<br>£ |
|---|---|---|
| Depreciation - owned assets | 10,364 | 9,098 |
| Depreciation - assets on hire purchase contracts | 14,869 | 14,870 |
| Auditors' remuneration | 5,359 | 5,200 |
| Pension costs | 8,590 | 8,037 |
| Directors' remuneration and other benefits etc. | 67,960 | 71,765 |

## 3. TAXATION

### Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

| | 2010<br>£ | 2009<br>£ |
|---|---|---|
| Current tax: | | |
| UK corporation tax | 11,315 | – |
| Overprovision in prior years | (30) | (31,538) |
| Total current tax | 11,285 | (31,538) |
| Deferred tax | 2,376 | – |
| Tax on profit/(Loss) on ordinary activities | 13,661 | (31,538) |

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

4. DIVIDENDS

| | 2010 £ | 2009 £ |
|---|---|---|
| Ordinary A shares of £1 each | | |
| Final | 10,000 | – |

5. TANGIBLE FIXED ASSETS

| | Improvements to property | Plant and Machinery | Motor Vehicles | Total |
|---|---|---|---|---|
| COST | £ | £ | £ | £ |
| At 1 April 2009 | 10,000 | 64,188 | 86,770 | 160,958 |
| Additions | – | 10,344 | – | 10,344 |
| At 31 March, 2010 | 10,000 | 74,532 | 86,770 | 171,302 |
| DEPRECIATION | | | | |
| At 1 April 2009 | – | 22,018 | 44,686 | 66,704 |
| Charge for year | 1,000 | 9,364 | 14,869 | 25,233 |
| At 31 March, 2010 | 1,000 | 31,382 | 59,555 | 91,937 |
| NET BOOK VALUE | | | | |
| At 31 March 2010 | 9,000 | 43,150 | 27,215 | 79,365 |
| At 31 March, 2009 | 10,000 | 42,170 | 42,084 | 94,254 |

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

| | Motor Vehicles |
|---|---|
| COST | £ |
| At 1 April 2009 | 69,462 |
| Tranfer to ownership | (16,762) |
| At 31 March 2010 | 52,700 |
| DEPRECIATION | |
| At 1 April 2009 | 27,986 |
| Charge for year | 14,869 |
| Transfer to ownership | (10,857) |
| At 31 March 2010 | 31,998 |
| NET BOOK VALUE | |
| At 31March 2010 | 20,702 |
| At 31 March 2009 | 41,476 |

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2010 £ | 2009 £ |
|---|---|---|
| Trade debtors | 1,504,282 | 868,952 |
| Other debtors | 6,797 | 8,979 |
| Tax | – | 31,538 |
| Prepayments | 18,558 | 21,519 |
| | 1,529,637 | 930,988 |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2010 £ | 2009 £ |
|---|---|---|
| Hire purchase contracts | 11,069 | 17,129 |
| Trade creditors | 1,440,487 | 886,723 |
| Tax | 11,315 | – |
| Social security and other taxes | 70,771 | 65,938 |
| Proposed dividends | 10,000 | – |
| Other creditors | 442,231 | 596,334 |
| Amounts owed to related business | 10,000 | 10,099 |
| Directors current accounts | 10,000 | 11,161 |
| Accrued expenses | 362,106 | 221,679 |
| | 2,367,979 | 1,809,063 |

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2010 £ | 2009 £ |
|---|---|---|
| Hire purchase contracts | 12,617 | 23,686 |

9. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

| | 2010 £ | 2009 £ |
|---|---|---|
| Expiring: | | |
| Between one and five years | 51,820 | 42,766 |

10. SECURED DEBTS

The following secured debts are included within creditors:

| | 2010 £ | 2009 £ |
|---|---|---|
| Hire purchase contracts | 23,686 | 40,815 |

11. PROVISIONS FOR LIABILITIES

| | 2010 £ | 2009 £ |
|---|---|---|
| Deferred tax | 2,376 | – |

| | Deferred tax £ |
|---|---|
| Charge for the year | 2,376 |
| Balance at 31 March 2010 | 2,376 |

12. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: Number: | Class: | Nominal value: | 2010 £ | 2009 £ |
|---|---|---|---|---|
| 200,000 | Ordinary A | £1 | 200,000 | 200,000 |
| 4 | Ordinary B - Z | £1 | 4 | 4 |
| | | | 200,004 | 200,004 |

13. RESERVES

| | Profit and loss account £ |
|---|---|
| At 1 April 2009 | 54,643 |
| Profit for the year | 34,254 |
| Dividends | (10,000) |
| At 31 March 2010 | 78,897 |

14. ULTIMATE PARENT COMPANY

The ultimate paten undertraking is Exide Industries Limited a company incorporated in India. This company holds 51% of the issued share-capital.

15. TRANSACTIONS WITH DIRECTORS

At 31 March 2010 an amount of £10,000 (31 March 2009 - £11,161) was due to the directors.

Interest is charged on this amount at a rate governed by LIBOR.

16. RELATED PARTY DISCLOSURES

During the period the Company purchased goods from its parent undertaking and included in trade creditors is an amount of £1,216,969 (2009 - £778,503) and an accrual for goods in transit of £313,404 (2009 - £213,211) due to Exide Industreies Limited.

At 31 March 2010 an amount of £10,000, (2009 - £10,099) was due to Exide Industries Limited, interest is charged on this amount at a rate governed by LIBOR.

# TRADING AND PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2010**

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Turnover** | | | | |
| Sales - Home | 3,127,311 | | 3,135,531 | |
| Sales - Exports | 467,974 | | 314,545 | |
| Container commissions | 685 | | 11,603 | |
| Container sales | 371,134 | | – | |
| Carriage charges | 33,991 | | – | |
| | | 4,001,095 | | 3,461,679 |
| **Cost of sales** | | | | |
| Opening stock | 1,000 ,310 | | 966,590 | |
| Purchases - Home | 235,218 | | 143,003 | |
| Purchases - Imports | 2,829,242 | | 2,634,806 | |
| Consumables | 59,676 | | 37,744 | |
| Commissions | 2,832 | | 15,807 | |
| | 4,127,278 | | 3,797,950 | |
| Closing stock | (1,023,426) | | (1,000,311) | |
| | | 3,103,852 | | 2,797,639 |
| **GROSS PROFIT** | | 897,243 | | 664,040 |
| **Expenditure:** | | | | |
| Carriage | 185,532 | | 210,216 | |
| Rent | 43,133 | | 26,050 | |
| Rates & water | 15,329 | | 17,059 | |
| Insurance | 11,525 | | 19,177 | |
| Light & heat | 3,026 | | 9,755 | |
| Exceptional items | – | | 4,794 | |
| Directors' salaries | 67,960 | | 71,765 | |
| Directors' social security | 8,298 | | 7,769 | |
| Wages | 202,315 | | 168,781 | |
| Social security | 18,502 | | 18,513 | |
| Pensions | 8,590 | | 8,037 | |
| Health Insurance | 8,110 | | 4,673 | |
| Telephone | 7,206 | | 7,877 | |
| Post and stationery | 4,078 | | 4,007 | |
| Advertising | 22,778 | | 5,462 | |
| Travel expenses | 16,298 | | 20,688 | |
| Motor expenses | 54,825 | | 36,760 | |
| Repairs and renewals | 7,948 | | 8,975 | |
| Computer support | 2,953 | | 2,130 | |
| Bad debts | (3,000) | | 13,714 | |
| Sundry expenses | 7,662 | | 4,907 | |
| Legal, professional and consultancy fees | 2,415 | | 6,806 | |
| Auditorss remuneration | 5,359 | | 5,200 | |
| Depreciations of tangible fixed assets | 25,233 | | 23,968 | |
| | | 726,075 | | 707,083 |
| Carried forward | | 171,168 | | (43,043) |
| **Finance costs** | | | | |
| Bank charges | 51,656 | | 50,592 | |
| Bill of exchange charges | 11,463 | | 14,555 | |
| Bank interest | 5 | | (1,281) | |
| Other interest | 45,948 | | 55,381 | |
| Exchange difference | 1,181 | | (28,703) | |
| Hire purchase | 1,862 | | 1,952 | |
| Leasing | 11,138 | | 6,441 | |
| | | 123,253 | | 98,937 |
| **NET PROFIT/(LOSS)** | | 47,915 | | (141,980) |

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# BALANCE SHEET

**AS AT 31 MARCH 2010**

| | SCHEDULE | 31.3.2010 Rs. | Rs. | 31.3.2009 Rs. | Rs. |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 13,584,272 | | 14,556,291 | |
| Reserves & Surplus | 2 | 5,856,422 | | 4,207,848 | |
| | | | 19,440,694 | | 18,764,139 |
| Deferred Tax Liability | | | 161,378 | | – |
| | | | 19,602,072 | | 18,764,139 |
| **APPLICATION OF FUNDS** | | | | | |
| Fixed Assets | 3 | | | | |
| Gross Block | | 13,265,467 | | 12,562,903 | |
| Less: Depreciation | | 7,377,259 | | 5,472,167 | |
| Net Block | | | 5,888,209 | 7,090,736 | 7,090,736 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 4 | 69,511,094 | | 72,802,635 | |
| Sundry Debtors | 5 | 102,170,833 | | 63,242,327 | |
| Cash & Bank Balances | 6 | 1,999,904 | | 4,500,934 | |
| Loans & Advances | 7 | 1,722,112 | | 2,219,644 | |
| | | 175,403,943 | | 142,765,540 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Liabilities | 8 | 160,242,366 | | 133,387,473 | |
| Provisions | 9 | 1,447,715 | | (2,295,336) | |
| | | 161,690,080 | | 131,092,137 | |
| Net Current Assets | | | 13,713,863 | | 11,673,403 |
| | | | 19,602,072 | | 18,764,139 |

## ESPEX BATTERIES LIMITED

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 MARCH 2010**

| | SCHEDULE | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Gross Sales | 10 | 302,082,673 | 271,326,400 |
| | | 302,082,673 | 271,326,400 |
| **EXPENDITURE** | | | |
| Decrease/(Increase) in Stocks | 11 | 3,291,541 | 3,905,947 |
| Purchase of Trading Goods | | 226,329,931 | 217,724,669 |
| Personnel Costs | 12 | 23,690,013 | 21,910,188 |
| Expenses | 13 | 38,824,444 | 40,452,936 |
| Interest and Finance Costs | 14 | 4,424,074 | 3,131,438 |
| Depreciation / Amortisation | 15 | 1,905,092 | 1,878,612 |
| | | 298,465,094 | 289,003,790 |
| **PROFIT BEFORE TAX** | | 3,617,578 | (17,677,390) |
| Taxation | 16 | 1,031,406 | (2,471,948) |
| **PROFIT AFTER TAXATION** | | 2,586,173 | (15,205,442) |
| Balance brought forward | | (5,749,816) | 9,455,626 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | (3,163,643) | (5,749,816) |
| APPROPRIATIONS | | | |
| Dividend | | 679,200 | – |
| Balance Carried Forward | | (3,842,843) | (5,749,816) |
| | | (3,163,643) | (5,749,816) |

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT AND FOR THE YEAR ENDED 31 MARCH 2010**

| | 31.03.2010 Rs. | 31.03.2009 Rs. |
|---|---|---|
| **1. SHARE CAPITAL** | | |
| Issued & Subscribed | 13,584,272 | 14,556,291 |
| | 13,584,272 | 14,556,291 |
| **2. RESERVES & SURPLUS** | | |
| Foreign Currency Translation Reserve | 9,699,265 | 9,957,664 |
| Profit & Loss Account Balance | (3,842,843) | (5,749,816) |
| | 5,856,422 | 4,207,848 |

**3. FIXED ASSETS**

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/Valuation as at 1.4.2009 (Rs.) | Addition (Rs.) | Deduction (Rs.) | Cost/Valuation as at 31.3.2010 (Rs.) | As at 1.4.2009 (Rs.) | Depre-ciation/ Amor-tisation (Rs.) | Less: On Sales/ adjust-ment (Rs.) | As at 31.3.2010 (Rs.) | As at 31.3.2010 (Rs.) | As at 31.03.2009 (Rs.) |
| Buildings | 914,472 | 0 | 0 | 914,472 | 141,147 | 75,500 | 0 | 216,647 | 697,825 | 773,325 |
| Plant & Machinery | 4,976,040 | 702,564 | 0 | 5,678,604 | 1,806,039 | 706,982 | 0 | 2,513,021 | 3,165,583 | 3,170,001 |
| Motor Vehicles | 6,672,391 | 0 | 0 | 6,672,391 | 3,524,981 | 1,122,610 | 0 | 4,647,591 | 2,024,801 | 3,147,410 |
| Total | 12,562,903 | 702,564 | 0 | 13,265,467 | 5,472,167 | 1,905,092 | 0 | 7,377,259 | 5,888,209 | 7,090,736 |
| Previous year's Total | 10,233,870 | 4,563,670 | 2,234,637 | 12,562,903 | 5,828,119 | 1,878,612 | 2,234,564 | 5,472,167 | | |
| | | | | | | | | | 5,888,209 | 7,090,736 |

| | | |
|---|---|---|
| **4. INVENTORIES** | | |
| (At Lower of Cost or Net Realisable value) | | |
| Trading Goods | 69,511,094 | 72,802,635 |
| | 69,511,094 | 72,802,635 |
| **5. SUNDRY DEBTORS** | | |
| (Unsecured, considered good) | | |
| Debts over six months | 1,351,608 | – |
| Other Debts | 100,819,225 | 63,242,327 |
| | 102,170,833 | 63,242,327 |
| **6. CASH AND BANK BALANCES** | | |
| Cash and Cheques in hand (including Remittances in transit) | 1,999,904 | 4,500,934 |
| | 1,,999,904 | 4,500,934 |
| **7. LOANS AND ADVANCES** | | |
| (Unsecured, Considered good) | | |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | 1,722,112 | 2,219,644 |
| | 1,722,112 | 2,219,644 |
| **8. LIABILITIES** | | |
| Sundry Creditors | 99,446,630 | 67,506,216 |
| Other Liabilities | 60,795,735 | 65,881,257 |
| | 160,242,366 | 133,387,473 |

| | | 31.03.2010<br>Rs. | | 31.03.2009<br>Rs. |
|---|---|---|---|---|
| **9. PROVISIONS** | | | | |
| Taxation (net of Advance Tax) | | 768,515 | | (2,295,336) |
| Proposed Dividend | | 679,200 | | – |
| | | 1,447,715 | | (2,295,336) |
| | | **2009-10** | | **2008-09** |
| **10. SALES** | | | | |
| Storage Batteries | | 302,082,673 | | 271,326,400 |
| | | 302,082,673 | | 271,326,400 |
| **11. INCREASE IN STOCKS** | | | | |
| Opening Stocks | | | | |
| Trading Goods | | 72,802,635 | | 76,708,582 |
| | | 72,802,635 | | 76,708,582 |
| Closing Stocks | | | | |
| Trading Goods | | 69,511,094 | | 72,802,635 |
| | | 69,511,094 | | 72,802,635 |
| | | (3,291,541) | | (3,905,947) |
| **12. PERSONNEL COSTS** | | | | |
| Salaries, Wages & Bonus | | 20,405,763 | | 18,853,995 |
| Contribution to Provident & Other Funds | | 648,545 | | 629,940 |
| Welfare Expenses | | 2,635,705 | | 2,426,253 |
| | | 23,690,013 | | 21,910,188 |
| **13. EXPENSES** | | | | |
| Stores & Spare Parts consumed | | 4,505,538 | | 2,958,375 |
| Power & Fuel | | 228,463 | | 764,597 |
| Repairs & Maintenance | | | | |
| Computers | 222,952 | | 166,949 | |
| Others | 600,074 | | 703,461 | |
| | | 823,026 | | 870,410 |
| Rent & Hire Charges (net) | | 4,238,042 | | 2,699,642 |
| Rates & Taxes | | 1,157,340 | | 1,337,084 |
| Insurance | | 870,138 | | 1,503,093 |
| Commission | | 213,816 | | 1,238,953 |
| Publicity and Sales Promotion | | 1,719,739 | | 428,112 |
| Freight & Forwarding (net) | | 14,007,666 | | 16,476,730 |
| Travelling & Conveyance | | 1,230,499 | | 1,621,525 |
| Bank Charges | | 3,900,028 | | 3,965,401 |
| Communication Costs | | 544,053 | | 617,399 |
| Donations | | | | |
| Auditors' Remuneration | | | | |
| Audit Fees | 404,605 | | 407,576 | |
| | | 404,605 | | 407,576 |
| Bad Debts written off | | (226,500) | | 1,074,903 |
| Miscellaneous Expenses (Schedule 17) | | 5,207,991 | | 4,489,136 |
| | | 38,824,444 | | 40,452,936 |

| | 31.03.2010<br>Rs. | 31.03.2009<br>Rs. |
|---|---|---|
| **14. INTEREST AND FINANCE COST** | | |
| Interest on : | | |
| Working Capital Borrowings | 4,424,074 | 3,231,843 |
| | 4,424,074 | 3,231,843 |
| Less : Interest Received on loans, deposits etc. | – | 100,405 |
| | 4,424,074 | 3,131,438 |
| **15. DEPRECIATION / AMORTISATION** | | |
| Charge for the year | 1,905,092 | 1,878,612 |
| | 1,905,092 | 1,878,612 |
| **16. TAXATION** | | |
| Provision for Income Tax | 1,031,406 | (2,471,948) |
| | 1,031,406 | (2,471,948) |
| **17. MISCELLANEOUS EXPENSES** | | |
| Motor Vehicle Upkeep | 4,139,288 | 2,881,249 |
| General Expenses | 578,481 | 760,364 |
| Legal Expensesa | 182,333 | 533,454 |
| Printing & Stationery | 307,889 | 314,069 |
| | 5,207,991 | 4,489,136 |

# ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

(Incorporated in Sri Lanka)

## DIRECTORS

S B Ganguly, Chairman
*(upto 5th April, 2010)*

P K Kataky, Chairman
*(w.e.f. 5th April, 2010)*

Winston Wong

R G Kapadia

A. K. Mukherjee
*(Alternate to R G Kapadia)*

S V Somasunderam

I C Nanayakkara
*(upto 10th November, 2009)*

Ajith Devasurendra
*(w.e.f. 10th November, 2009)*

N M Prakash

## SECRETARIES

Standard Finance Limited
481 T B Jayah Mawatha
Colombo 10

## AUDITORS

Messrs, Ernst & Young LLP
Chartered Accountants
201 De Saram Place
Colombo 10

## REGISTERED OFFICE

481 T B Jayah Mawatha
Colombo 10

## BANKERS

Standard Chartered Bank Limited
Hatton National Bank Limited
Commercial Bank of Ceylon Limited
DFCC Vardhana Bank Limited
The Hongkong & Shanghai Banking Corporation Limited

## FACTORY

31, Katukurunduwatte Road
Off Attiya Road
Ratmalana

# DIRECTORS' REPORT

## REPORT OF THE DIRECTORS

The Report of the Directors to be presented at the Fifty First Annual General Meeting of the Company to be held at the Registered Office, 481, T.B. Jayah Mawatha, Colombo 10.

The Directors have pleasure in presenting their report for the year ended 31st March 2010 together with the Audited Balance Sheet and Accounts of the Company made up to that date.

## PROFIT & LOSS

Net Profit for the year before Tax, but after providing SLR. 25,173,337/- for depreciation, amounts to SLR.151,121,274/- compared with SLR. 83,367,227/- for the previous year.

## TAXATION

A sum of SLR. 49,800,000/- has been provided for taxation on the profits for the year including deferred taxation.

## DIVIDENDS

The Directors approved and declared an Interim Dividend of SLR. 4/- per share for the year ended 31st March 2010.

## DIRECTORATE

Mr. I.C. Nanayakkara, Director resigned from the Board of Directors with effect from 10th November 2009.

Mr. A.L. Devasurendra was appointed to the Board of Directors with effect from 10th November 2009.

Mr. S.B. Ganguly, Chairman resigned from the Board of Directors with effect from 5th April 2010.

Mr. P.K. Kataky was appointed Chairman of the Company with effect from 5th April 2010.

Mr. A.L. Devasurendra retires in accordance with Regulation 78 of Table 'A' and being eligible offers himself for re-election with the unanimous support of the Board.

## AUDITORS

In accordance with Section 154(1) of the Companies Act No. 7 of 2007 a resolution proposing the reappointment of Messrs Ernst & Young, Chartered Accountants as Auditors of the Company for the ensuing year will be proposed at the Annual General Meeting.

In terms of Section 155(a) of the Companies Act No. 7 of 2007, a resolution authorizing the Directors to fix the remuneration of the Auditors Messrs Ernst & Young, Chartered Accountants for the ensuing year will be proposed at the Annual General Meeting.

By Order of the Board
STANDARD FINANCE (PVT) LIMITED
Secretaries

Colombo
15th Apri, 2010

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDERS OF ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of Associated Battery Manufacturers (Ceylon) Limited, which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Scope of Audit and Basis of Opinion**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2010 and the financial statements give a true and fair view of the Company's state of affairs at at 31 March 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

**Report on Other Legal and Regulatory Requirements**

In our opinion, these financial statements also comply with the requirements of Section 151(2) of the Companies Act No. 07 of 2007.

Ernst & Young
Colombo
15th April, 2010

# BALANCE SHEET

**AS AT 31st MARCH 2010**

| | Notes | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant & Equipment | 4 | 225,187,855 | 234,593,342 |
| Investment Property | 5 | 11,177,987 | 11,177,987 |
| Receivables | 9 | 14,166,389 | 3,104,963 |
| Investments | 7 | 200,000 | 530,250 |
| Deferred Tax Asset | 15 | 7,318,388 | 7,162,388 |
| | | 258,050,619 | 256,568,930 |
| **Current Assets** | | | |
| Inventories | 8 | 198,497,021 | 271,493,697 |
| Investments | 7 | 60,000,000 | – |
| Trade and other Receivables | 9 | 398,829,230 | 281,780,575 |
| Cash and Cash Equivalents | 18 | 13,897,660 | 5,281,785 |
| | | 671,223,911 | 558,556,057 |
| Assets classified as held for sale | 6 | – | 1,200,000 |
| **Total Assets** | | 929,274,530 | 816,324,987 |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Stated Capital | 10 | 63,360,000 | 63,360,000 |
| General Reserves | 11 | 82,679,732 | 82,679,732 |
| Development Reserve | 11 | 120,000 | 120,000 |
| Retained Earnings | | 293,974,220 | 230,668,946 |
| **Total Equity** | | 440,133,952 | 376,828,678 |
| **Non-Current Liabilities** | | | |
| Interest Bearing Loans & Borrowings | 12 | 37,666,622 | 55,666,622 |
| Retirement Benefit Obligations | 16 | 48,835,621 | 46,373,782 |
| | | 86,502,243 | 102,040,404 |
| **Current Liabilities** | | | |
| Trade and Other Payables | 17 | 279,728,783 | 138,902,377 |
| Dividend payable | 19 | 25,344,000 | 15,840,000 |
| Income Tax Liabilities | | 24,596,614 | 9,112,142 |
| Interest Bearing Loans and Borrowings | 12 | 58,440,206 | 162,072,654 |
| Warranty Provision | 13 | 14,528,732 | 11,528,732 |
| | | 402,638,335 | 337,455,905 |
| **Total Equity and Liabilities** | | 929,274,530 | 816,324,987 |

These financial Statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

Nanda Corea
Finance Manager

The board of directors is responsible for the preparation and presentation of these Financial Statements. Signed for and on behalf of the board by:

N M Prakash
Director

Ajith Devasurendra
Director

The accounting policies and notes on page 6 through 22 from and integral part of the Financial Statements.

Colombo, 15th April, 2010

# INCOME STATEMENTS

YEAR ENDED 31 MARCH, 2010

| | | Notes | 2010 Rs. | 2009 Rs. |
|---|---|---|---|---|
| **Revenue** | | 3 | 1,560,002,858 | 1,429,506,980 |
| Cost of Sales | | | (1,328,961,553) | (1,251,564,320) |
| **Gross Profit** | | | 231,041,305 | 177,942,660 |
| Other Income | | 20 | 20,929,033 | 23,642,694 |
| Selling and Distribution Expenses | | | (5,054,355) | (4,798,554) |
| Administrative Expenses | | | (67,468,754) | (53,229,025) |
| Finance Cost | | 21 | (28,325,955) | (60,190,548) |
| **Profit Before Tax** | | | 151,121,274 | 83,367,227 |
| Income Tax Expense | | 14 | (49,800,000) | (27,441,089) |
| **Profit for the Year** | | | 101,321,274 | 55,926,138 |
| Earnings Per Share | | 22 | 15.99 | 8.23 |
| Dividend Per Share | - Interim | 19 | 4.00 | 2.50 |
| | - Final | 19 | – | 2.00 |

The accounting policies and notes on pages 6 through 22 form an integral part of the financial statements.

Colombo
15th April, 2010

All figures are in Sri Lankan Rupee

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH, 2010

| | Note | Stated Capital Rs. | General Reserve Rs. | Development Reserve Rs. | Retained Earnings Rs. | Total Rs. |
|---|---|---|---|---|---|---|
| **Balance as at 1st April 2008** | | 63,360,000 | 82,679,732 | 120,000 | 215,926,808 | 362,086,540 |
| Net Profit for the year | | – | – | – | 55,926,138 | 55,926,138 |
| Dividend - Final 2007/08 | 19 | – | – | – | (25,344,000) | (25,344,000) |
| Dividends-Interim 2008-09 | 19 | – | – | – | (15,840,000) | (15,840,000) |
| **Balance as at 31 March 2009** | | 63,360,000 | 82,679,732 | 120,000 | 230,668,946 | 376,828,678 |
| Net Profit for the year | | – | – | – | 101,321,274 | 101,321,274 |
| Dividends - Final 2008/09 | 19 | – | – | – | (12,672,000) | (12,672,000) |
| Dividends - Interim 2009/10 | 19 | – | – | – | (25,344,000) | (25,344,000) |
| **Balance as at 31 March 2010** | | 63,360,000 | 82,679,732 | 120,000 | 293,974,220 | 440,133,952 |

The accounting policies and notes on page 6 through 22 form an integral part of the financial statements.

Colombo, 15th April, 2010

# CASH FLOW STATEMENTS

YEAR ENDED 31 MARCH, 2010

| | Note | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| **Cash flows from / (used in) Operating Activities** | | | |
| Profit before Tax from continuing operations | | 151,121,274 | 83,367,227 |
| Adjustments for: | | | |
| Depreciation | 4 | 25,173,337 | 26,510,377 |
| Income from Investments | 20 | (2,200,000) | (13,242,748) |
| Profit on disposal of Property, Plant and Equipments | | (11,737,500) | (838,500) |
| Profit on disposal of Investments | | (366,917) | – |
| Finance Costs | 21 | 28,325,955 | 60,190,548 |
| Warranty Provision | | 24,589,996 | 35,395,444 |
| Provision for Retirement Benefit Liability | 16 | 6,063,766 | 5,685,974 |
| Operating Profit/(Loss) before Working Capital Changes | | 220,969,911 | 197,068,323 |
| (Increase)/Decrease in Inventories | | 72,996,675 | 78,659,039 |
| (Increase)/Decrease in Trade and Other Receivables | | (128,110,081) | 63,523,388 |
| Increase/(Decrease) in Trade and Other Payables | | 140,826,406 | (81,979,808) |
| Cash Generated from Operations | | 306,682,911 | 257,270,942 |
| Finance Costs paid | 21 | (28,325,955) | (60,190,548) |
| Retirement Benefit Liability Paid | 16 | (3,601,927) | (1,202,722) |
| Income Tax Paid | | (34,471,527) | (20,416,844) |
| Warranty Payments | | (21,589,996) | (35,011,547) |
| **Net Cash from/(used in) Operating Activities** | | 218,693,505 | 140,449,281 |
| Cash Flows from/(used in) Investing Activities | | | |
| Acquisition of Property, Plant & Equipment | 4 | (15,767,849) | (5,511,575) |
| Proceeds of Sales of Investment | | 697,167 | – |
| Acquisition of Investments | 7 | (60,000,000) | – |
| Proceeds from Sale of Property Plant & Equipment | | 12,937,500 | 838,500 |
| Interest Received | 20 | 2,200,000 | 13,242,748 |
| Net Cash Flows from/(used in) Investing Activities | | (59,933,182) | 8,569,673 |
| **Cash Flows from/(used in) Financing Activities** | | | |
| Proceeds from Interest Bearing Loans & Borrowings | 12 | 163,431,443 | 508,121,459 |
| Repayment of Interest Bearing Loans & Borrowings | 12 | (254,210,012) | (606,765,035) |
| Dividend Paid | 19 | (28,512,000) | (25,344,000) |
| Net Cash Flows from/(used in) Financing Activities | | (119,290,569) | (123,987,576) |
| **Net Increase/(Decrease) in Cash and Cash Equivalents** | | 39,469,754 | 25,031,378 |
| **Cash and Cash Equivalents at the beginning of the year** | 18 | (42,565,029) | (67,596,407) |
| **Cash and Cash Equivalents at the end of the year** | 18 | (3,095,275) | (42,565,029) |

The accounting policies and notes on page 6 through 22 form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General
Associated Battery Manufacturers (Ceylon) Limited ("Company") is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 481, T. B. Jayah Mawatha, Colombo 10, and the principal place of business is situated at 31, Katukurunduwatte Road, Off Attidiya Road, Ratmalana.

1.2 Principal Activities and Nature of Operations
During the year, the principal activities of the Company were manufacturing of lead acid automotives and motorcycle batteries.

1.3 Parent Enterprise and Ultimate Parent Enterprise
The Company's parent undertaking is Exide Industries Ltd. – India, which in the opinion of the directors, is the company's ultimate parent undertaking and controlling party which is incorporated in India.

1.4 Date of Authorization for issue
The Financial Statements of Associated battery Manufacturers (Ceylon) Limited for the year ended 31 March 2010 were authorized for issue in accordance with a resolution of the Board of directors on 15 April 2010.

2.0 GENERAL POLICIES

2.1 Basis of Preparation
The financial statements have been prepared on a historical cost basis, except for land and buildings that have been measured at fair value. The financial Statements are presented in Sri Lankan Rupees.

2.1.1 Statement of Compliance
The Financial Statements of Associated Battery manufacturers (Ceylon) Limited have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.2 Comparative Information
The accounting policies have been consistently applied by the Company are consistent with those used in the previous year except for those mentioned in Note 28.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Judgements
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements.

Deferred Tax Assets
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 **Foreign Currency Translation**
The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.2 Taxation

Current Taxes
Current Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a parl of receivables and payables in the Balance Sheet.

2.3.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.3.4 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulae:-

| | |
|---|---|
| a) Raw Materials | – At actual cost on first-in first-out basis. |
| b) Work-in-progress | – At the cost of Direct Materials & Overheads. |
| c) Finished Goods | – At actual cost on Direct Material, Direct Labour and Variable overheads. |
| d) Consumables and Goods in Transit | – At actual cost |

2.3.5 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of provisions for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less provision for bad and doubtful receivables.

2.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash on hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the Property, Plant and Equipment when that cost is incurred, if the recognition criteria are met.

Land and buildings are measured at fair value less depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Depreciation is calculated on a straight line basis over the useful life of the assets.

Valuations are performed when it is ensured that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offsetting against the surplus in the asset revalutation reserve.

2.3.8 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised.

2.3.9 Investments

a) Initial Recognition:

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The company distinguishes and presents current and non current investment in the balance sheet.

b) Measurement

Long Terms Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

c) Disposal of Investments

On disposal of an investment, the difference between net disposals and proceed and the carrying amounts is recognised as income or expense.

2.3.10 Investment Properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing Investment Property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

After initial recognition the company measure all of its investment property in according with requirements in SLAS 18 Property, Plant and Equipment other than those meet the criteria to be classified as held for sale.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to Investment Property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from Investment Property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from Inventories to Investment Property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.3.11 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.3.13 Retirement benefit Obligations

a) Defined benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute.

In order to meet this liability, a provision is carried forward in the balance sheet, in a manner computed using the prescribed formulae in Appendix E of SLAS 16 (Revised 2006).

The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year, is dealt with in the income statement.

The gratuity liability is not funded nor actuarially valued.

b) Provision is made in these Financial Statements for the payment of Non-recurring cost of living gratuity payable to all the employees governed by the collective agreements.

c) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees' Provident Fund and Employees' Trust Fund respectively.

2.3.14 Warranties

All batteries sold are returnable for any manufacturing defects within 12 months from the date of sale by the distributors. All guarantee claims for Hard Rubber Manufacturing Batteries are met in full for the first 6 months and on a pro-rata basis for the balance 6 months. In the case of PP Batteries all claims are met in full for the first 12 months.

Upto 31st March 2002, no provision was made for any outstanding warranties but expenses as warranties were charged direct to Income Statement in the period in which goods were returned.

With effect from 01 April 2002, this policy was changed, whereby a provision is recognized for expected warranty claims on products sold during the year based on past experience of the level of returns. It is expected that all of these costs will be incurred in the next financial year.

2.3.15 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer, with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

b) Interest

Interest Income is recognised as the interest accrues unless collectability is in doubt.

c) Dividend

Dividend income is recognised when the shareholders' right to receive the payment is established.

d) Rental Income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms.

e) Others

Other income is recognised on an accrual basis.

Net Gains and losses of a revenue nature on the disposal of property, plant & equipment and other non current assets including investments are accounted for in the income statement, having deducted from

proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued Property, Plant and Equipment, the amount remaining in Revaluation Reserve relating to that asset is transferred directly to Retained Earnings Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.4 FUTURE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet Effective:

Effect of Sri Lanka Accounting Standard issued but not yet effective:

The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka and are effective for the accounting periods on the dates specified below.

a) Sri Lanka Accounting Standard 44 - Financial Instruments; Presentation (SLAS 44) and Sri Lanka Accounting Standard 45 - Financial Instruments; Recognition & Measurement (SLAS 45)

SLAS 44 and 45 become effective for financial years beginning on or after 1 January 2011. Accordingly, the financial Statements for the year ending 31 March 2012 will adopt SLAS 44 and 45, for the first time.

These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of financial instruments (including Derivatives) into financial assets, financial liabilities and equity instruments.

In order to comply with the requirements of these standards, the Company is in the process of setting up an implementation plan in assessing the effect of adoption of the aforesaid two standards. Due to the complex nature of the effect of these standards the impact of adoption is not estimable as the date of publication of these financial statements.

b) Sri Lanka Accounting Standard 39 - Share based Payments (SLAS 39)
SLAS 39 Share based payments, effective for periods beginning on or after 1st January 2010 will be first adopted in the year ending 31 March 2011. This standard require an expense to be recognized where the Company buys goods or services in exchange for shares or rights over share (equity - settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cashsettled transactions). For equity-settled share-based payment transactions, the Company is required to apply SLAS 39 to grants of shares, share options or other equity instruments that were granted after 1 January 2010.

The Company is in the process of evaluating to impact of this standard, and the impact of the same is not currently estimable as at the date of the publication of these financial statements.

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **3. REVENUE** | | |
| **3.1 Revenue** | | |
| Sales of Goods | | |
| – Manufacturing -Local | 1,499,418,736 | 1,225,290,920 |
| – Export | 60,584,122 | 204,049,060 |
| – Trading | – | 167,000 |
| | 1,560,002,858 | 1,429,506,980 |

| 4. PROPERTY, PLANT & EQUIPMENT<br>4.1 Gross Carrying Amounts | Balance As at 01.04.2009 Rs. | Additions/ Transfers Rs. | Disposals/ Transfers Rs. | Balance As at 31.03.2010 Rs. |
|---|---|---|---|---|
| At Cost | | | | |
| Land | 26,985,562 | – | – | 26,985,562 |
| Buildings | 7,333,403 | – | – | 7,333,403 |
| Plant & Machinery | 398,821,917 | 1,641,542 | – | 400,463,459 |
| Furniture & Fittings, Office Equipment and Tools & Moulds | 37,396,544 | 1,433,880 | – | 38,830,424 |
| Motor Vehicles | 9,303,922 | 13,500,000 | – | 22,803,922 |
| | 479,841,348 | 16,575,422 | – | 496,416,770 |
| At Valuation | | | | |
| Land | 21,323,750 | – | – | 21,323,750 |
| Buildings | 23,158,242 | – | – | 23,158,242 |
| | 44,481,992 | – | – | 44,481,992 |

| | Balance As at 01.04.2009 Rs. | Additions/ Transfers Rs. | Disposals/ Transfers Rs. | Balance As at 31.03.2010 Rs. |
|---|---|---|---|---|
| **In the Course of Construction** | | | | |
| 4.2 Capital Work in Progress | 807,573 | – | (807,573) | – |
| | 807,573 | – | (807,573) | – |
| | 525,130,913 | 16,575,422 | (807,573) | 540,898,762 |

4.3 **Depreciation**

| | Balance As at 01.04.2009 Rs. | Charge for Year Rs. | Disposals Rs. | Balance As at 31.03.2010 Rs. |
|---|---|---|---|---|
| **At Cost** | | | | |
| Building | 370,904 | 228,766 | – | 599,670 |
| Plant & Machinery | 239,885,106 | 21,140,610 | – | 261,025,716 |
| Furniture & Fittings, Office Equipment and Tools & Moulds | 28,975,421 | 2,798,287 | – | 31,773,708 |
| Motor Vehicles | 9,303,922 | 281,250 | – | 9,585,172 |
| | 278,535,354 | 24,448,913 | – | 302,984,267 |
| **At Valuation** | | | | |
| Buildings | 12,002,217 | 724,424 | – | 12,726,641 |
| | 12,002,217 | 724,424 | – | 12,726,641 |
| **Total Depreciation** | 290,537,570 | 25,173,337 | – | 315,710,907 |

4.4 **Net Book Values**

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| At Cost | | |
| Land | 26,985,562 | 26,985,562 |
| Building | 6,733,733 | 6,962,499 |
| Plant & Machinery | 139,437,742 | 158,936,810 |
| Furniture, Fittings & Office Equipment | 7,056,716 | 8,421,122 |
| Motor Vehicles | 13,218,750 | – |
| | 193,432,503 | 201,305,993 |
| **At Valuation** | | |
| Land | 21,323,750 | 21,323,750 |
| Buildings | 10,431,601 | 11,156,025 |
| | 31,755,351 | 32,479,775 |
| **In the Course of Construction** | | |
| Capital Work in Progress | – | 807,573 |
| | – | 807,573 |
| **Total Carrying Amount of Property, Plant & Equipment** | 225,187,855 | 234,593,342 |

4.5 The fair value of land and buildings was determined by means of a revaluation during the financial year 1990/1991 by Messrs. M.J.T.P. Senadheera, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements from its effective date which is 1990/1991. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation has not been computed due to non availability of adequate information.

4.6 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 16,572,422/- (2009 - Rs. 7,919,106/-). Cash payments amounting to Rs.15,767,849/- (2009 - Rs. 5,511,575/-) were made during the year for purchase of Property, Plant & Equipment.

4.7 The useful lives of the assets is estimated as follows:

| | 2010 | 2009 |
|---|---|---|
| Buildings | Over 30 years | Over 30 years |
| Plant and Machinery | Over 10 years | Over 10 years |
| Motor Vehicles | Over 04 years | Over 04 years |
| Furniture, Fittings, Office Equipment and Tools & Moulds | Over 05 years | Over 05 years |

4.8 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 231,938,941/- (2009 - Rs. 197,867,004/-).

## 5. INVESTMENT PROPERTY

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| At 1 April | 11,177,987 | 11,177,987 |
| Additions | – | – |
| At 31 March | 11,177,987 | 11,177,987 |

5.1 Rental income earned from Investment Property the Company amounted to Rs. 2,179,730/- (2009 - Rs. 2,067,633/-).

5.2 The Company applied the cost model in valuing Investment Properties.

## 6. ASSETS CLASSIFIED AS HELD FOR SALE

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Freehold land at Thelawela | – | 1,200,000 |
| | – | 1,200,000 |

The Company entered into an agreement with Magline Switchboard (Pvt) Limited on 12 September 2008 to dispose the freehold land held by the Company. As per the agreement the total disposal value amounts to Rs.12,000,000/-. The disposal was completed during the financial year of 2009/10.

## 7. INVESTMENTS

### 7.1 Investments in Equity Securities - Quoted

| | No. of Shares 2010 | No. of Shares 2009 | cost 2010 Rs. | Market Value 2010 Rs. | Cost 2009 Rs. | Market Value 2009 Rs. |
|---|---|---|---|---|---|---|
| **None Current** | | | | | | |
| Asia Capital PLC | – | 11,000 | – | – | 112,750 | 63,250 |
| Browns beach Hotel PLC | – | 10,440 | – | – | 217,500 | 302,760 |
| | | | – | – | 330,250 | 366,010 |

### 7.2 Investments in Equity Securities - Unquoted

| | No. of Shares 2010 | No. of Shares 2009 | Carrying Value 2010 Rs. | Directors Valuation 2010 Rs. | Carrying Value 2009 Rs. | Directors Valuation 2009 Rs. |
|---|---|---|---|---|---|---|
| None Current | | | | | | |
| Browns Group Metals Ltd. | 20,000 | 20,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| | | | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Carrying Value of Investments | | | 200,000 | | 530,250 | |

### 7.3 Other Investments

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Current | | |
| Investment in Treasury Bills | 60,000,000 | – |
| | 60,000,000 | – |

8. INVENTORIES

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Raw Materials | 142,333,829 | 145,267,048 |
| Work in Progress | 35,030,214 | 41,746,797 |
| Finished Goods | 5,995,918 | 67,465,082 |
| Consumables & Seperators | 11,733,077 | 17,014,771 |
| Goods in Transit | 3,403,983 | – |
| | 198,497,021 | 271,493,697 |

9. TRADE AND OTHER RECEIVABLES

9.1 Summary

| | Current 2010 Rs. | Non Current 2010 Rs. | Total 2010 Rs. | Current 2009 Rs. | Non Current 2009 Rs. | Total 2009 Rs. |
|---|---|---|---|---|---|---|
| Trade Debtors | 4,017,321 | – | 4,017,321 | 6,730,409 | – | 6,730,409 |
| Amounts Receivable from Related Parties (9.2) | 354,627,655 | – | 354,627,655 | 241,083,661 | – | 241,083,661 |
| | 358,644,976 | – | 358,644,976 | 247,814,070 | – | 247,814,070 |
| Less: Provision for Doubtful Debts | (818,754) | – | (818,754) | (35,000) | – | (35,000) |
| | 357,826,222 | – | 357,826,222 | 247,779,070 | – | 247,779,070 |
| Other Debtors | 22,932,699 | – | 22,932,699 | 31,255,424 | – | 31,255,424 |
| Advances and Prepayments | 13,661,479 | 1,015,755 | 14,677,234 | 2,700,726 | 1,503,110 | 4,203,836 |
| Loans to Company Officers (9.4) | 4,408,830 | 13,150,634 | 17,559,464 | 45,355 | 1,601,853 | 1,647,208 |
| | 398,829,230 | 14,166,389 | 412,995,619 | 281,780,575 | 3,104,963 | 284,885,538 |

9.2 Amounts Receivable from Related Parties

| | Relationship | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| Brown and Company PLC | Significant Investor | 265,667,048 | 182,610,667 |
| Klevenbert (Pvt) Limited | Other Related Party | 88,960,607 | 58,472,994 |
| | | 354,627,655 | 241,083,661 |

9.3 Other Related Parties are companies controlled / jointly controlled / significantly influenced by Key Management Personal

9.4 Loans to Company officers:

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Summary | | |
| Balance as at the beginning of the year | 1,647,208 | 44,48,817 |
| Loans granted during the year | 20,266,961 | 161,088 |
| Less: Repayments | (4,354,705) | (2,962,697) |
| Balance as at the end of the year | 17,559,464 | 1,647,208 |

10. STATED CAPITAL

| | 2010 Number | 2010 Rs. | 2010 Number | 2010 Rs. |
|---|---|---|---|---|
| Fully Paid ordinary Shares | 6,336,000 | 63,360,000 | 6,336,000 | 63,360,000 |
| | 6,366,000 | 63,360,000 | 6,366,000 | 63,360,000 |

10.1 Rights Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

## 11. RESERVES

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **Summary** | | |
| General Reserves (11.1) | 82,679,732 | 82,679,732 |
| Development Reserve | 120,000 | 120,000 |
| | 82,799,732 | 82,799,732 |

### 11.1 General Reserves

| | | |
|---|---|---|
| At the beginning of the year | 82,679,732 | 82,679,732 |
| At the end of the year | 82,679,732 | 82,679,732 |

General Reserve which is a revenue reserve represents the amounts set aside by the directors for general application.

## 12. INTEREST BEARING LOANS & BORROWINGS

| | Amount Repayable Within 1 Year | Amount Repayable After 1 Year | Total | Amount Repayable Within 1 Year | Amount Repayable After 1 Year | Total |
|---|---|---|---|---|---|---|
| | 2010 Rs. | 2010 Rs. | 2010 Rs. | 2009 Rs. | 2009 Rs. | 2009 Rs. |
| Bank Loans (12.1) | 18,000,000 | 37,666,622 | 55,666,622 | 29,111,064 | 55,666,622 | 84,777,686 |
| Short Term Loans(12.2) | 23,447,271 | – | 23,447,271 | 85,114,776 | – | 85,114,776 |
| BankOverdrafts (Note 18) | 16,992,935 | – | 16,992,935 | 47,846,814 | – | 47,846,814 |
| | 58,440,206 | 37,666,622 | 96,106,828 | 162,072,654 | 55,666,622 | 217,739,276 |

### 12.1 Bank Loans

| | | As At 01.04.2009 Rs. | Loans Obtained Rs. | Repayment Rs. | As at 31.03.2010 Rs. |
|---|---|---|---|---|---|
| Term Loans | - DFCC Bank | | | | |
| | - 100Mn | 11,111,038 | – | (11,111,038) | – |
| | - 70 Mn | 55,999,981 | – | (14,000,026) | 41,999,955 |
| | - 20 Mn | 17,666,667 | – | (4,000,000) | 13,666,667 |
| | | 84,777,686 | – | (29,111,064) | 55,666,622 |

### 12.2 Short Term Loans

| | | | | | |
|---|---|---|---|---|---|
| Trust Receipts | - DFCC Vardhana Bank Ltd. | 50,197,008 | 133,651,161 | (160,400,898) | 23,447,271 |
| | - Hongkong and Shanghai Banking Corporation | 34,917,768 | 29,780,282 | (64,698,050) | – |
| | | 85,114,776 | 163,431,443 | (225,098,948) | 23,447,271 |

Terms of Repayment

Rs. 100Mn loan - Equal monthly instalments of Rs. 1,388,890/-, interest rate - AWPLR + 2% p.a.
Rs. 20 Mn loan - Equal monthly instalments of Rs. 333,333/-, interest rate - AWPLR + 2% p.a.
Rs. 70Mn loan - Equal monthly instalments of Rs. 1,166,667/-, interest rate - AWPLR + 2% p.a.
Trust Receipts - payable with 90-120 days

## 13. WARRANTY PROVISION

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Balance as at the beginning of the year | 11,528,732 | 11,144,835 |
| Charge for the year | 24,589,996 | 35,395,444 |
| Claimed during the year | (21,589,996) | (35,011,547) |
| Balance as at the end of the year | 14,528,732 | 11,528,732 |

## 14. INCOME TAX

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **Income Statement** | | |
| **Current Income Tax** | | |
| Current Income Tax charge | 49,956,000 | 29,000,454 |
| Under/(Over) Provision of current taxes in respect of prior year | – | |
| **Deferred Income Tax** | | |
| Deferred Taxation Charge/(Reversal) (Note 15) | (156,000) | (1,559,365) |
| **Income tax expense reported in the Income Statement** | 49,800,000 | 27,441,089 |

### 14.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Accounting Profit before tax from continuing operations | 151,121,274 | 83,367,227 |
| Aggregate Disallowable items | 30,080,859 | 31,358,351 |
| Aggregate Allowable Expenses | (44,396,182) | (26,248,961) |
| Taxable Profit | 136,805,951 | 88,476,617 |
| Statutory Tax Rate% | 15% & 35% | 15% & 35% |
| Income tax expense reported in the income statement | 49,217,734 | 28,571,876 |
| Social Responsibility Levy - 1.5% (2009 - 1.5%) | 738,266 | 428,578 |
| | 49,956,000 | 29,000,454 |

## 15. DEFERRED TAX

| | Balance Sheet 2010 Rs. | Balance Sheet 2009 Rs. | Income Statement 2010 Rs. | Income Statement 2009 Rs. |
|---|---|---|---|---|
| ***Deferred Tax Liability*** | | | | |
| Capital allowances for tax purposes | 14,859,136 | 13,103,492 | 1,755,643 | 389,138 |
| | 14,859,136 | 13,103,492 | | |
| ***Deferred Tax Assets*** | | | | |
| Retirement Benefit Obligations | (17,092,467) | (16,230,824) | (861,643) | (1,569,138) |
| Warranty Provision | (5,085,056) | (4,035,056) | (1,050,000) | (379,365) |
| | (22,177,524) | (20,265,880) | | |
| Deferred income tax (Income)/Expense | | | (156,000) | (1,559,365) |
| Net Deferred Tax Liability/(Asset) | (73,18,388) | (7,162,388) | | |

## 16. RETIREMENT BENEFIT OBLIGATIONS

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **Expense on Defined Benefit Plan** | | |
| Current Service Cost | 7,245,722 | 6,283,579 |
| Interest Cost of Benefit Obligation | 4,173,640 | 3,770,147 |
| (Gain)/Loss arising from changes in the assumption | (5,355,596) | (4,367,752) |
| | 6,063,766 | 5,685,974 |
| **Defined Benefit Obligation** | | |
| **Balance as at beginning of the year** | 46,373,782 | 41,890,530 |
| Current Servicing Cost | 7,245,722 | 6,283,579 |
| Interest Cost on Benefit Obligation | 4,173,640 | 3,770,147 |
| (Gain)/Loss Arising from changes in the assumptions | (5,355,596) | (4,367,752) |
| Payments made during the year | (3,601,927) | (1,202,722) |
| **As at end of the year** | 48,835,621 | 46,373,782 |

**16.1** The Company used the Gratuity Formula Method as described in the Appendix E of SLAS 16 (Revised 2006) to compute Retirement Benefit Obligations - Provision for Gratuity.

The principal assumptions used in determining the cost of employee benefits were:

| | 2010 | 2009 |
|---|---|---|
| Discount rate | 9% | 9% |
| Future salary increases | 8% | 8% |

## 17. TRADE AND OTHER PAYABLES

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Trade Payables | 192,658,090 | 23,732,337 |
| Amounts payable to Related Parties (17.1) | 30,590,370 | 79,700,578 |
| Sundry Creditors including Accrued Expenses | 56,320,023 | 34,309,162 |
| Advance Received | 160,300 | 1,160,300 |
| | 279,728,783 | 138,902,377 |

### 17.1 Amount payable to Related Parties

| | Relationship | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| Cloride EAstern Industries Pte Limited | Other Related Party | – | 49,230,585 |
| Brown and Company PLC | Significant Investor | 19,901,546 | 23,190,150 |
| Brown Group Industries Limited | Other Related Party | 10,688,824 | 7,279,843 |
| | | 30,590,370 | 79,700,578 |

**17.2** Other Related Parties are companies controlled/jointly controlled/significantly influenced by Key Management Personal.

## 18. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **18.1 Components of Cash and Cash Equivalents** | | |
| **Favourable Cash & Cash Equivalent balances** | | |
| Cash & Bank Balances | 13,897,660 | 5,281,785 |
| **18.2 Unfavourable Cash & Cash Equivalent Balance** | | |
| Bank Overdraft (Note 12) | (16,992,935) | (47,846,814) |
| **Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement** | (3,095,275) | (42,565,029) |

## 19. DIVIDENDS PAID AND PROPOSED

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| **Equity dividends on ordinary shares** | | |
| **Declared previous year and paid during the year** | | |
| Interim dividend for 2008/09 - Rs. 250 per share | 15,840,000 | – |
| **Declared and paid during the year** | | |
| Final dividend for 2008/09 - Rs. 2.00 per share (2007/08 - Rs. 4.00 per share) | 12,672,000 | 25,344,000 |
| **Declared during the year** | | |
| Interim dividend for 2009/10 - Rs. 4.00 per share (2008/09 - Rs. 2.50 per share) | 25,344,000 | 15,840,000 |

## 20. OTHER INCOME

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Profit on Disposal of Current Investments | 366,917 | – |
| Other Income | – | 13,242,748 |
| Treasury Bill Income | 2,200,000 | – |
| Rent Income | 2,179,730 | 2,067,633 |
| Sundry Income | 4,444,886 | 8,332,313 |
| Profit on Disposal of Property, Plant & Equipment | 11,737,500 | – |
| | 20,929,033 | 23,642,694 |

## 21. FINANCE COST

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Interest Expense on Overdrafts | 5,202,244 | 11,824,311 |
| Interest Expense on Interest Bearing Loans & Borrowings | 23,123,711 | 48,366,238 |
| | 28,325,955 | 60,190,548 |

## 22. EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders (after deducting preference share dividends) by the weighted average number of ordinary share outstanding during the year. The weighted average number of ordinary share outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

| | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Net Profit Attributable to Ordinary Shareholders for basic Earnings Per share | 101,321,274 | 55,926,138 |
| | 101,321,274 | 55,926,138 |

| **Number of Ordinary Shares used as ghe denominator:** | 2010 Number | 2009 Number |
|---|---|---|
| Weighted abverage number of ordinary shares in issue applicable to basic Earnings Per Share | 6,336,000 | 6,336,000 |

## 23. PROFIT BEFORE TAX

| Stated after Charging/(Crediting) | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Depreciation | 25,173,337 | 26,323,075 |
| Personnel Costs including the following: | | |
| – Defined Benefit Plan Costs - Gratuity | 6,063,766 | 5,894,554 |
| – Defined Contribution Plan Costs - EPF & ETF | 10,780,701 | 8,359,680 |
| Directors' Fees and Emoluments | 108,000 | 108,000 |
| Auditors' Remuneration - Fees and Expenses | 513,000 | 540,000 |
| Royalty Fees | 11,800,000 | 8,493,143 |
| Exchange (Gain) / Loss | 349,846 | (372,066) |
| Sales Promotion | 5,054,355 | 4,798,554 |
| Legal & Professional Fees | 739,152 | 989,654 |

## 24. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

## 25. COMMITMENTS AND CONTINGENCIES

The Company has no any commitments and contingencies as at the balance sheet date.

## 26. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

| Nature of Assets | Nature of Liability | Carrying Amout Pledged 2010 Rs. | Carrying Amout Pledged 2009 Rs. | Included under |
|---|---|---|---|---|
| Immovable Properties | | | | |
| – Land & Buildings at Rathmalana | Mortgaged to DFCC Bank in connection | 59,274,646 | 58,027,836 | |
| – Plant & Machinery | with the bank Loan | 139,437,742 | 158,936,810 | Property, Plant & |
| – Land at Thelawala | Morgaged to Commercial Bank of Ceylon PLC in connection with the Overdraft Facility | 6,200,000 | 8,400,000 | Equipment |
| Inventories | Concurrent mortgaged to DFCC Vardhana Bank and HSBC for TR Loan | 198,497,021 | 271,493,697 | Inventories |
| Trade debtors | and Overdraft facilities | 358,644,976 | 247,814,070 | Trade & Other Receivables |
| Treasury Bill | Kept as security with Commercial Bank of Ceylon PLC for Letter of Credits already opened | 60,000,000 | – | Investment |

## 27. RELATED PARTY DISCLOSURES

During the period the Company entered into transactions with the following Related Parties.

### 27.1 Transaction with Related Parties

| Name of Company | Relationship | Nature of Transactions | 2010 Rs. | 2009 Rs. |
|---|---|---|---|---|
| Exide Industriwes Limited - India | Parent Company | Purchases | – | 1,4,70,752 |
| | | Sales | 39,136,097 | 204,049,060 |
| | | Dividends Paid (Net of Taxes) | 15,781,392 | 14,027,904 |
| | | Royalty Fees (Paid and Accrued) | 11,800,000 | 8,493,143 |
| Cloride Metals Industries Limited | Other Related Party | Purchases | 18,017,280 | – |
| Cloride Eastern Industries Pte Limited | Other Related Party | Purchases | – | 345,099,966 |
| Cloride Batteries South East Asia Pte Limited | Other Related Party | Sales | 20,520,000 | – |
| Brown and Company PLC | Significant Investor | Purchases | 14,828,125 | 18,420,441 |
| | | Sales | 1,407,217,000 | 978,280,000 |
| Klevenberg (Pvt) Limited | Other Related Party | Sales | 297,838,000 | 146,750,000 |
| Browns Group Industries Limited | Other Related Party | Purchases | 81,445,080 | 71,332,903 |

**27.2** Other Related Parties are companies controlled / jointly controlled / significantly influenced by key Management Personal.

**27.3** The amounts payable to the above related parties as at 31st March 2009 and 31st March 2010 are disclosed in Notes 9.2 and 17.1.

| 27.4 Transactions with Directors/ Key Management Personnel* | 2010 Rs. | 2009 Rs. |
|---|---|---|
| Emoluments and Fees Including Other Benefits | 108,000 | 108,000 |
| **Total compensation paid to key management personnel** | 108.000 | 108.000 |

* Key Management personnel include the Board of Directors of the Company.

**28. COMPARATIVE INFORMATION**

The presentation and classification of following items in these Financial Statements are amended to ensure comparability with current year.

| Balance Sheet | 2009 As reported Previously Rs. | Increase Rs. | (Decrease) Rs. | 2009 Current Presentation Rs. |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-Current Assets** | | | | |
| Long Term Deposit | 1,503,110 | – | (1,503,110) | – |
| Receivables | 1,598,401 | 1,503,110 | – | 3,101,511 |
| | 3,101,511 | 1,503,110 | (1,503,110) | 3,101,511 |

**Reasons for change in the presentation and classification:**

For fair presentation of the Financial Statements.

# DETAILED INCOME STATEMENT

**YEAR ENDED 31 MARCH 2010**

| | Statement | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| **Manufacturing Activity** | | | |
| Sales | I | 1,560,002,858 | 1,429,339,980 |
| Less : Manufacturing Marginal Cost | II | (1,270,805,966) | (1,199,558,537) |
| Factory Fixed Expenses | IV | (58,155,587) | (51,879,759) |
| Gross Profit | | 231,041,305 | 177,901,684 |
| **Trading Activity** | | | |
| Sales | | – | 167,000 |
| Cost of Sales | | – | (126,024) |
| Gross Profit | | – | 40,976 |
| **Total Gross Profit** | | 231,041,305 | 177,942,660 |
| Distribution Costs | V | (5,054,355) | (4,798,554) |
| Administrative Expenses | VI | (67,468,754) | (53,229,025) |
| Other Operating Income | | 20,929,033 | 23,642,694 |
| Profit from Operating Activities | | 179,447,229 | 143,557,775 |

| **STATEMENT I** | Statement | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| **Manufacturing Activity** | | | |
| Sales less Returns | | 1,560,002,858 | 1,429,339,980 |
| | | 1,560,002,858 | 1,429,339,980 |

| **STATEMENT II** | | | |
|---|---|---|---|
| **Less : Manufacturing Marginal Costs** | | | |
| Materials | | 1,026,586,491 | 947,298,553 |
| Scrap | | 21,589,796 | 27,676,400 |
| Direct Labour | | 97,471,284 | 96,732,487 |
| Manufacturing Variable Expenses | III | 125,158,395 | 127,851,097 |
| | | 1,270,805,966 | 1,199,558,537 |

| STATEMENT III | Statement | 2010 Rs. | 2009 Rs. |
|---|---|---|---|
| **MANUFACTURING VARIABLE EXPENSES** | | | |
| warranty | | – | 35,779,341 |
| Scrap | | 15,835,823 | 27,676,400 |
| Indirect Wages | | 7,378,486 | 7,788,451 |
| Power, Water, etc | | 62,363,596 | 70,028,389 |
| Maintenance Plant & Machinery | | 26,584,180 | 19,273,887 |
| Process Materials, Consumable Stores & Tools | | 4,017,831 | 6,464,405 |
| Welfare & Medical Expenses | | 13,914,070 | 13,885,242 |
| Maintenance Department - Labour Costs | | 7,598,226 | 7,273,032 |
| Casual Labour | | 3,302,006 | 2,753,794 |
| Discounts | | 20,523,479 | 75,669,352 |
| | | 161,517,697 | 266,592,292 |
| **Less** | | | |
| Warranty Claims and 1% Rebate netted off sales | | (20,523,479) | (111,064,795) |
| Scrap taken under Marginal Costs | | (15,835,823) | (27,676,400) |
| | | 125,158,395 | 127,851,097 |
| **STATEMENT IV** | | | |
| **FACTORY FIXED EXPENSES** | | | |
| Staff Training | | 1,076,581 | 1,027,988 |
| Salaries | | 22,800,272 | 16,777,142 |
| Maintenance Buildings | | 3,433,651 | 2,223,590 |
| Maintenance Vehicles | | 926,712 | 910,389 |
| Factory Rates & Insurance | | 1,627,363 | 1,344,461 |
| Laboratory Expenses | | 881,734 | 772,717 |
| Security Services | | 3,307,115 | 3,285,862 |
| Depreciation | | 24,102,159 | 25,537,609 |
| | | 58,155,587 | 51,879,759 |
| **STATEMENT V** | | | |
| **DISTRIBUTION COSTS** | | | |
| Sales Promotion | | 5,054,355 | 4,798,554 |
| | | 5,054,355 | 4,798,554 |
| **STATEMENT VI** | | | |
| **ADMINISTRATIVE EXPENSES** | | | |
| Depreciation | | 1,069,988 | 972,769 |
| Salaries | | 38,889,631 | 32,518,717 |
| Postage & Telephone | | 756,073 | 876,537 |
| Printing & Stationery | | 711,881 | 828,096 |
| Auditors' Fees and Expenses | | 645,000 | 540,000 |
| Bank Charges | | 2,190,539 | 2,565,657 |
| Secretarial Fees | | 120,000 | 60,000 |
| General Expenses | | 1,969,875 | 816,894 |
| Maintenance Vehicles | | 1,917,981 | 1,724,716 |
| Directors' Fees | | 108,000 | 108,000 |
| Maintenance General | | 720,496 | 599,379 |
| Expenses on Foreign Visitors | | 1,196,538 | 975,311 |
| Royalty Fees | | 11,800,000 | 8,493,143 |
| Exchange (Gain)/Loss | | 349,846 | (372,066) |
| Legal & Professional Fees | | 739,152 | 989,654 |
| Nation Building Tax | | – | 1,532,218 |
| Anniversary Celebration | | 3,500,000 | – |
| Bad and Doubtful debtros | | 783,754 | – |
| | | 67,468,754 | 53,229,025 |

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# BALANCE SHEET

**AS AT 31 MARCH 2010**

| | SCHEDULE | 31.3.2010 Rs. | Rs. | 31.3.2009 Rs. | Rs. |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 25,344,000 | | 27,878,400 | |
| Reserves & Surplus | 2 | 142,812,704 | | 120,929,645 | |
| | | | 168,156,704 | | 148,808,045 |
| Loan Funds | 3 | | | | |
| Secured | | | 38,442,731 | | 95,805,281 |
| | | | 206,599,435 | | 244,613,326 |
| **APPLICATION OF FUNDS** | | | | | |
| Fixed Assets | 4 | | | | |
| Gross Block | | 202,243,367 | | 195,613,198 | |
| Less: Depreciation | | 120,065,101 | | 109,744,033 | |
| Net Block | | 82,178,265 | | 85,869,165 | |
| Add: Capital Work-in-Progress | | – | | 355,332 | |
| | | | 82,178,265 | | 86,224,497 |
| Investments | 5 | | 28,551,195 | | 5,151,624 |
| Deferred Tax Asset | 6 | | 2,927,355 | | 3,151,451 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 7 | 79,398,808 | | 119,985,227 | |
| Sundry Debtors | 8 | 143,130,488 | | 122,775,177 | |
| Cash and Bank Balances | 9 | 5,559,064 | | 2,323,985 | |
| Loans & Advances | 10 | 22,067,759 | | 2,574,459 | |
| | | 250,156,119 | | 247,658,848 | |
| Less: | | | | | |
| Current Liabilities & Provisions | | | | | |
| Liabilities | 11 | 111,891,512 | | 61,117,046 | |
| Provisions | 12 | 45,321,987 | 53,563,897 | 36,456,048 | – |
| | | 157,213,499 | | 97,573,094 | |
| Net Current Assets | | | 92,942,620 | | 150,085,754 |
| | | | 206,599,435 | | 244,613,326 |

## ASSOCIATED BATTERY MANUFACTURERS (CEYLON) LIMITED

(Disclosures as per Schedule VI of the Companies Act, 1956 in Indian Rupees)

# PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

| | SCHEDULE | 2009-2010 Rs. | 2008-2009 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Gross Sales | 13 | 639,601,172 | 600,231,694 |
| Net Sales | | 639,601,172 | 600,231,694 |
| Other Income | 14 | 6,785,214 | 3,499,571 |
| | | 646,386,386 | 603,731,265 |
| **EXPENDITURE** | | | |
| (Increase)/Decrease in Stocks | 15 | 31,642,774 | 881,533 |
| Materials Consumed | 16 | 398,252,941 | 388,009,989 |
| Personnel Costs | 17 | 80,331,528 | 75,077,879 |
| Expenses | 18 | 53,167,199 | 53,400,575 |
| Interest and Finance Costs | 19 | 10,711,642 | 19,718,077 |
| Depreciation/Amortisation | 20 | 10,320,580 | 11,134,359 |
| | | 584,426,664 | 548,222,412 |
| **PROFIT BEFORE TAX** | | 61,959,722 | 55,508,853 |
| Taxation | 21 | 20,418,000 | 11,525,257 |
| **PROFIT AFTER TAXATION** | | 41,541,722 | 43,983,596 |
| Balance brought forward | | 101,005,062 | 75,142,426 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | 142,546,784 | 119,126,022 |
| APPROPRIATIONS | | | |
| Proposed Dividend | | 15,206,400 | 18,120,960 |
| Balance Carried Forward | | 127,340,384 | 101,005,062 |
| | | 142,546,784 | 119,126,022 |

# SCHEDULES FORMING PART OF THE ACCOUNTS

**AS AT AND FOR THE YEAR ENDED 31 MARCH 2010**

| | 31.03.2010 | | 31.03.2009 | |
|---|---|---|---|---|
| | Rs. | Rs. | Rs. | Rs. |
| **1. SHARE CAPITAL** | | | | |
| Issued and Subscribed | | 25,344,000 | | 27,878,400 |
| | | 25,344,000 | | 27,878,400 |
| **2. RESERVES & SURPLUS** | | | | |
| General Reserve | | | | |
| Balance as per Last Account | 30,950,540 | | 30,950,540 | |
| Add: Transfer from Profit & Loss Account | – | | – | |
| | | 30,950,540 | | 30,950,540 |
| Foreign Currency Translation Reserve | | (15,478,220) | | (11,025,957) |
| Profit and Loss Account Balance | | 127,340,384 | | 101,005,062 |
| | | 142,812,704 | | 120,929,645 |
| **3. LOAN FUNDS** | | | | |
| Bank Overdraft | | 38,442,731 | | 95,805,281 |
| | | 38,442,731 | | 95,805,281 |

## 4. FIXED ASSETS

| | GROSS BLOCK | | | | DEPRECIATION | | | | NET VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/ Valuation As at 1.04.2009 Rs. | Additions Rs. | Deductions Rs. | Cost Valuation As at 31.03.2010 Rs. | As at 1.4.2009 Rs. | Depreciation/ Amortisation Rs. | Less on Sales/ Adjustments Rs. | As at 31.3.2010 Rs. | As at 31.3.2010 Rs. | As at 31.3.2009 Rs. |
| Land | | | | | | | | | | |
| Freehold | 17,238,599 | – | – | 17,238,599 | – | – | – | – | 17,238,599 | 17,238,599 |
| Buildings | 11,449,375 | – | – | 11,449,375 | 4,649,400 | 390,808 | – | 5,040,208 | 6,409,167 | 6,799,975 |
| Plant & Machinery | 149,836,911 | 856,617 | – | 150,493,528 | 90,800,139 | 8,667,650 | – | 99,467,789 | 51,025,739 | 59,036,772 |
| Furniture & Fittings | 13,694,197 | 573,552 | – | 14,267,749 | 10,912,284 | 1,147,298 | – | 12,059,582 | 2,208,167 | 2,781,913 |
| Motor Vehicles | 3,394,116 | 5,400,000 | – | 8,794,116 | 3,382,210 | 115,313 | – | 3,497,523 | 5,296,594 | 11,906 |
| Total | 195,613,198 | 6,830,169 | 0 | 202,243,367 | 109,744,033 | 10,321,068 | – | 120,065,101 | 82,178,265 | 85,869,165 |
| Previous Years Total | 193,213,039 | 3,484,407 | 1,084,248 | 195,613,198 | 99,165,922 | 11,134,359 | 556,248 | 109,744,033 | 85,869,165 | |
| Capital Work-in-Progress | | | | | | | | | – | 355,332 |
| | | | | | | | | | 82,178,265 | 86,224,497 |

| | 2009-10 Rs | 2008-09 Rs |
|---|---|---|
| **5. INVESTMENTS (AT COST)** | | |
| Non Current – Quoted | | |
| Browns Beach Hotel & Hutton National Bank | 80,000 | 233,310 |
| Treasury Bill | 24,000,000 | – |
| Investment in Property | 4,471,195 | 4,918,314 |
| | 28,551,195 | 5,151,624 |
| **6. DEFERRED TAX ASSET** | | |
| Deferred Tax Liability as at 1st April 2008 | 2,927,355 | 3,151,451 |
| | 2,927,355 | 3,151,451 |
| **7. INVENTORIES** | | |
| (At Lower of Cost or Net Realisable value) | | |
| Stores, Spare parts, Loose Tools etc.* | 4,693,231 | 7,486,499 |
| Raw Materials and Components @ | 58,295,125 | 63,917,501 |
| Work-in-progress | 14,012,086 | 18,368,591 |
| Finished goods (including in transit) | 2,398,367 | 29,684,636 |
| Asset awaiting for sale | – | 528,000 |
| | 79,398,808 | 119,985,227 |
| **8. SUNDRY DEBTORS** | | |
| (Unsecured, considered good) | | |
| Debts over six months | 1,801,873 | 6,622,389 |
| Other Debts | 141,328,615 | 116,152,788 |
| | 143,130,488 | 122,775,177 |
| **9. CASH AND BANK BALANCES** | | |
| Balances with Scheduled banks on: | | |
| Current Account | 5,559,064 | 2,323,985 |
| | 5,559,064 | 2,323,985 |
| **10. LOANS AND ADVANCES** | | |
| (Unsecured, considered good) | | |
| Advances recoverable in cash or in kind for value to be received or pending adjustments | 22,067,759 | 1,913,091 |
| Advance Tax and Tax deducted at source (net of provisions) | | |
| Deposits – | – | 661,368 |
| Others | | |
| | 22,067,759 | 2,574,459 |
| **11. LIABILITIES** | | |
| Sundry Creditors | | |
| – Due to Small Scale Industrial Undertakings | | |
| – Due to others | 111,827,392 | 60,606,514 |
| Advance from customers | 64,120 | 510,532 |
| | 111,891,512 | 61,117,046 |
| **12. PROVISIONS** | | |
| Provision for Employee Benefits | 19,534,248 | 20,404,464 |
| Product related Warranty / Guarantees | 5,811,493 | 5,072,642 |
| Taxation (net of Advance Tax) | 9,838,646 | 4,009,342 |
| Proposed Dividend | 10,137,600 | 6,969,600 |
| | 45,321,987 | 36,456,048 |

| | | | | |
|---|---|---|---|---|
| | | 2009-10 | | 2008-09 |
| | | Rs. | | Rs |
| 13. **SALES** | | | | |
| Storage Batteries | | 639,601,172 | | 600,231,694 |
| | | 639,601,172 | | 600,231,694 |
| 14. **OTHER INCOME** | | | | |
| Profit on Sale of Investment | | 150,436 | | – |
| Sundry Income | | 1,822,403 | | 3,499,571 |
| Profit on Sale of Assets | | 4,812,375 | | – |
| | | 6,785,214 | | 3,499,571 |
| 15. **INCREASE / (DECREASE) IN STOCKS** | | | | |
| Opening Stocks | | | | |
| Work-in-progress | | 18,368,591 | | 17,512,182 |
| Finished Goods | | 29,684,636 | | 31,422,578 |
| | | 48,053,227 | | 48,934,760 |
| Closing Stocks | | | | |
| Work-in-progress | | 14,012,086 | | 18,368,591 |
| Finished Goods | | 2,398,367 | | 29,684,636 |
| | | 16,410,453 | | 48,053,227 |
| | | (31,642,774) | | (881,533) |

| | | | | |
|---|---|---|---|---|
| 16. **MATERIALS CONSUMED** | Rs. | Rs. | Rs. | Rs. |
| Opening Stock | 63,917,501 | | 75,706,032 | |
| Add: Purchase (including Processing charges, | | | | |
| Procurement expenses etc and after adjusting | 392,630,565 | | 376,221,458 | |
| Modvat Credits) | 456,548,066 | | 451,927,490 | |
| Less:Closing Stock | 58,295,125 | 398,252,941 | 63,917,501 | 388,009,989 |
| | | 398,252,941 | | 388,009,989 |
| 17. **PERSONAL COSTS** | | | | |
| Salaries, Wages & Bonus | | 65,844,130 | | 66,426,213 |
| Contribution to provident & Other Funds | | 6,906,231 | | 2,388,109 |
| Welfare Expenses | | 7,581,167 | | 6,263,557 |
| | | 80,331,528 | | 75,077,879 |
| 18. **EXPENSES** | | | | |
| Stores & Spare Parts consumed | | 2,008,822 | | 3,039,591 |
| Power & Fuel | | 25,569,074 | | 29,411,923 |
| Repairs & Maintenance | | | | |
| Buildings | 1,407,797 | | 933,908 | |
| Plant & Machinery | 10,899,514 | | 8,095,033 | |
| Others | 295,403 | 12,602,714 | 251,739 | 9,280,680 |

| | 2009-10<br>Rs. | 2008-09<br>Rs |
|---|---|---|
| Rent & Hire Charges (net) | (893,689) | (868,406) |
| Rates & Taxes | 667,219 | 1,208,205 |
| Royalty and Technical Aid Fees | 4,838,000 | 3,567,120 |
| Publicity and Sales Promotion | 2,072,286 | 2,015,393 |
| Travelling & Conveyance | 490,581 | 409,631 |
| Bank Charges | 898,121 | 1,077,576 |
| Communication Costs | 309,990 | 368,146 |
| Audit Fees | 264,450 | 226,800 |
| Provision for Doubtful debts | 321,339 | – |
| Directors' Fees | 44,280 | 45,360 |
| Miscellaneous Expenses (Schedule 22) | 3,974,014 | 3,618,556 |
| | 53,167,199 | 53,400,575 |
| **19. INTEREST AND FINANCE COST** | | |
| Interest on: | | |
| Term Loan | – | – |
| Working Capital Borrowings | 11,613,642 | 25,280,031 |
| | 11,613,642 | 25,280,031 |
| Less: Interest Received on loans, deposits etc. | 902,000 | 5,561,954 |
| | 10,711,642 | 19,718,077 |
| * after adjusting net exchange gain Rs 132.81 lacs | | |
| **20. DEPRECIATION / AMORTISATION** | | |
| Charge for the year | 10,320,580 | 11,134,359 |
| | 10,320,580 | 11,134,359 |
| **21. TAXATION** | | |
| Provision for Income Tax | 20,418,000 | 11,525,257 |
| | 20,418,000 | 11,525,257 |
| **22. MISCELLANEOUS EXPENSES** | | |
| Motor Vehicle Upkeep | 1,166,324 | 1,106,744 |
| Consultancy & Services outsourced | 352,252 | 440,855 |
| Security Service Charges | 1,355,917 | 1,380,062 |
| General Expenses | 807,649 | 343,095 |
| Printing & Stationery | 291,871 | 347,800 |
| | 3,974,014 | 3,618,556 |

# CONSOLIDATED FINANCIAL STATEMENTS

# AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF EXIDE INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EXIDE INDUSTRIES LIMITED AND ITS SUBSIDIARIES**

We have audited the attached consolidated balance sheet of Exide Industries Limited and its subsidiaries (the Group), as at 31st March 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Exide Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 420.45 crores as at 31st March 2010, total revenue of Rs. 1051.73 crores and cash flows amounting to Rs. 22.02 crores for the year then ended. We also did not audit the financial statements of the associate Company for the year ended March 31, 2010 whose share of loss attributable to the Group is Rs 68.38 crores for the year. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.

We report that the consolidated financial statements have been prepared by the Exide Industries Limited's management in accordance with the requirements of Accounting Standard 21 – Consolidated financial statements and Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March 2010;

(b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For S.R. BATLIBOI & CO.**
Firm Registration Number: 301003E
**Chartered Accountants**
per R.K. AGRAWAL
*Partner*
Membership No. 16667

Place: Mumbai
Date : 28 April, 2010

# CONSOLIDATED BALANCE SHEET

**AS AT 31st MARCH 2010**

| | SCHEDULE | 31.3.2010 Rs. in crores | 31.3.2010 Rs. in crores | 31.3.2009 Rs. in crores | 31.3.2009 Rs. in crores |
|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 85.00 | | 80.00 | |
| Reserves & Surplus | 2 | 1,831.50 | | 912.89 | |
| | | | 1,916.50 | | 992.89 |
| Loan Funds | 3 | | | | |
| Secured | | 81.60 | | 220.77 | |
| Unsecured | | 92.53 | | 140.27 | |
| | | | 174.13 | | 361.04 |
| Minority Interest | 4 | | 36.62 | | 17.83 |
| Deferred Tax Liability (net) | 5 | | 60.62 | | 43.49 |
| | | | 2,187.87 | | 1,415.25 |
| **APPLICATION OF FUNDS** | | | | | |
| Fixed Assets | 6 | | | | |
| Gross Block | | 1,487.31 | | 1,391.78 | |
| *Less:* Accumulated Depreciation / Amortisation | | 693.52 | | 618.14 | |
| Net Block | | 793.79 | | 773.64 | |
| *Add:* Capital Work-in-Progress including Capital Advances | | 42.93 | | 19.77 | |
| | | | 836.72 | | 793.41 |
| Investments | 7 | | 876.79 | | 275.93 |
| Deferred Tax Asset (refer note no III 'm' 'ii' on Schedule 25) | | | 0.30 | | 0.31 |
| Current Assets, Loans & Advances | | | | | |
| Inventories | 8 | 796.86 | | 524.24 | |
| Sundry Debtors | 9 | 298.05 | | 265.74 | |
| Cash and Bank Balances | 10 | 30.14 | | 38.96 | |
| Loans & Advances | 11 | 85.62 | | 47.05 | |
| | | 1,210.67 | | 875.99 | |
| *Less:* | | | | | |
| Current Liabilities & Provisions | | | | | |
| Current Liabilities | 12 | 624.68 | | 418.26 | |
| Provisions | 13 | 111.93 | | 112.13 | |
| | | 736.61 | | 530.39 | |
| Net Current Assets | | | 474.06 | | 345.60 |
| | | | 2,187.87 | | 1,415.25 |
| Notes to Accounts and Significant Accounting Policies | 25 | | | | |

Schedules 1 to 13 and 25 referred to above
form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
*Chartered Accountants*

Per R. K. Agrawal
*a Partner*
Membership No. 16667
Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31st MARCH 2010**

| | SCHEDULE | 2009-2010 Rs. in crores | 2009-2010 Rs. in crores | 2008-2009 Rs. in crores | 2008-2009 Rs. in crores |
|---|---|---|---|---|---|
| **INCOME** | | | | | |
| Gross Sales | 14 | 4,824.44 | | 4,344.01 | |
| Less : Excise Duty (refer note no III 'd' on schedule 25) | | 403.71 | | 545.21 | |
| : Sales Tax, Value Added Tax & Octroi | | 441.87 | | 393.93 | |
| Net Sales | | | 3,978.86 | | 3,404.87 |
| Other Income | 15 | | 8.18 | | 5.87 |
| | | | 3,987.04 | | 3,410.74 |
| **EXPENDITURE** | | | | | |
| (Increase) / Decrease in Stocks | 16 | | (81.44) | | 11.53 |
| Materials Consumed | 17 | | 2,132.74 | | 2,004.28 |
| Purchase of Trading Goods | | | 132.38 | | 139.27 |
| Personnel Costs | 18 | | 261.24 | | 201.08 |
| Expenses | 19 | | 556.76 | | 471.59 |
| Interest and Finance Costs | 20 | | 16.10 | | 58.74 |
| Depreciation/Amortisation | 21 | | 87.53 | | 71.97 |
| | | | 3,105.31 | | 2,958.46 |
| **PROFIT BEFORE TAX** | | | 881.73 | | 452.28 |
| Taxation (net) | 22 | | 300.85 | | 157.89 |
| **PROFIT AFTER TAX** | | | 580.88 | | 294.39 |
| Less: Share of Loss of Associate Companies | | | 68.38 | | 99.59 |
| Less: Minority Interest | | | 18.98 | | 3.31 |
| **NET PROFIT** | | | 493.52 | | 191.49 |
| Balance brought forward | | | 28.85 | | 79.96 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | 522.37 | | 271.45 |
| APPROPRIATIONS | | | | | |
| General Reserve | | | 255.18 | | 186.20 |
| Interim Dividend | | | 48.00 | | 32.00 |
| Tax on Interim Dividend | | | 8.16 | | 5.44 |
| Proposed Dividend | | | 36.73 | | 16.27 |
| Tax on above Dividend | | | 6.17 | | 2.69 |
| Balance Carried Forward | | | 168.13 | | 28.85 |
| | | | 522.37 | | 271.45 |
| Earning per share - Basic & Diluted - (Nominal Value Per Share Re 1) (Refer note no III 'p' on Schedule 25) | | | Rs 6.15 | | Rs 2.39 |
| Notes to Accounts and Significant Accounting Policies | 25 | | | | |

Schedules 14 to 25 referred to above
form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date.

S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
*Chartered Accountants*

Per R. K. Agrawal
*a Partner*
Membership No. 16667
Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# CONSOLIDATED CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31st MARCH 2010**

| | | 2009-2010 Rs. in crores | 2009-2010 Rs. in crores | 2008-2009 Rs. in crores | 2008-2009 Rs. in crores |
|---|---|---|---|---|---|
| (A) | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | Net Profit before tax | | 881.72 | | 452.28 |
| | Adjustment for : | | | | |
| | Depreciation | 87.53 | | 71.96 | |
| | Profit on Fixed Assets sold / discarded | (0.63) | | (2.53) | |
| | Loss on Fixed Assets sold / discarded | 0.51 | | 0.84 | |
| | Profit on sale of Investments | 0.02 | | – | |
| | Provision for Doubtful Debts | 5.97 | | – | |
| | Provision/(Recovery) for Diminution in Value in Investments | (0.01) | | 1.02 | |
| | Provision/(Recovery) for Doubtful Loans and Advances | 0.32 | | 2.58 | |
| | Dividend Income | (3.78) | | (0.73) | |
| | Interest Expense | 16.79 | | 46.94 | |
| | Interest Income | (0.68) | | (1.05) | |
| | Unrealised (Gain) / Loss on Foreign Exchange | – | | 12.84 | |
| | | | 106.04 | | 131.87 |
| | Operating profit before working capital changes | | 987.76 | | 584.15 |
| | (Increase) / Decrease in Sundry Debtors (net of provision) | (38.46) | | 26.03 | |
| | (Increase) / Decrease in Inventories | (272.62) | | 116.14 | |
| | (Increase) / Decrease in Loans & Advances | (24.79) | | (2.63) | |
| | Increase/ (Decrease) in Current Liabilities | 201.31 | (134.56) | (77.58) | 61.96 |
| | Cash generation from operations | | 853.20 | | 646.11 |
| | Direct Taxes Paid (net of refund) | | (319.12) | | (145.60) |
| | Net Cash from operating activities | | 534.08 | | 500.51 |
| (B) | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| | Purchase of Fixed Assets | (130.30) | | (179.04) | |
| | Sale of Fixed Assets | 1.03 | | 4.49 | |
| | Sale of Shares | 0.75 | | – | |
| | Acquisition of Shares | (122.36) | | (95.91) | |
| | Purchase of Mutual Funds | (989.00) | | (125.00) | |
| | Sale of Mutual Funds | 444.00 | | 70.00 | |
| | Interest Received | 0.75 | | 0.98 | |
| | Dividend received | 1.15 | | 0.43 | |
| | Net Cash used in investing activities | | (793.98) | | (324.05) |
| (C) | **CASH FLOW FROM FINANCING ACTIVITIES:** | | | | |
| | Proceeds from Long Term Borrowings | 4.96 | | 60.15 | |
| | Repayment of Long Term Borrowings | (147.74) | | (101.00) | |
| | Net increase / (decrease) in other borrowings | (44.13) | | 13.00 | |
| | Net Proceeds from issue of Shares (including Share Premium) | 529.91 | | – | |
| | Dividends Paid (including tax) | (75.12) | | (74.39) | |
| | Interest Paid | (19.59) | | (45.05) | |
| | Net Cash used in financing activities | | 248.29 | | (147.29) |
| | Net increase / (decrease) in cash and cash equivalents | | (11.61) | | 29.17 |
| | Effect of Foreign Currency Translation | | 2.79 | | 2.12 |
| | Cash and cash equivalents as at 1 April 2009 # | | 38.96 | | 7.67 |
| | Cash and cash equivalents as at 31 March 2010 # | | 30.14* | | 38.96 |

# as disclosed in Schedule 10

* Includes Rs. 2.06 crs (Rs. 1.70 crs) lying in Unclaimed Dividend Account, being the amount available for restricted use.

**As per our report of even date.**

**S. R. BATLIBOI & CO**
**Firm Registration Number: 301003E**
*Chartered Accountants*

**Per R. K. Agrawal**
*a Partner*
**Membership No. 16667**
**Mumbai, 28 April, 2010**

**S. Coomer**
*Secretary*

**R. G. Kapadia**
**R. B. Raheja**
**T. V. Ramanathan**
**A. K. Mukherjee**
*Directors*

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | Par Value Rs. | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores |
|---|---|---|---|
| **1. SHARE CAPITAL** | | | |
| Authorised | | | |
| 1,000,000,000 Equity Shares | 1 | 100.00 | 100.00 |
| | | 100.00 | 100.00 |
| Issued, Subscribed and paid up | | | |
| * 850,000,000 (800,000,000) Equity Shares fully paid up | 1 | 85.00 | 80.00 |
| * includes 1,350,000 shares issued for consideration other than cash and 541,469,580 shares issued as fully paid up bonus shares by capitalisation of Securities Premium and Capital & Revenue Reserves. | | | |

| | 31.3.2010 | | 31.3.2009 | |
|---|---|---|---|---|
| **2. RESERVES & SURPLUS** | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores |
| Revaluation Reserve – | | | | |
| Balance as per Last Account | 51.71 | | 45.13 | |
| Add : On revaluation of assets during the year | – | | 11.59 | |
| *Less:* Adjustment towards assets sold / discarded | 0.80 | | 1.20 | |
| *Less:* Transfer to Depreciation Account | 2.75 | | 3.81 | |
| | | 48.16 | | 51.71 |
| Securities Premium Account | | | | |
| Balance as per Last Account | 213.16 | | 213.16 | |
| *Add* : Amount received on issue of shares | 534.50 | | – | |
| *Less:* Shares Issue Expenses Adjusted (Refer Note no III 'o' on Schedule 25) | 9.59 | | – | |
| | | 738.07 | | 213.16 |
| General Reserve | | | | |
| Balance as per Last Account | 609.77 | | 425.37 | |
| *Add* : Transfer from Profit & Loss Account | 255.18 | | 186.20 | |
| *Less:* Issue of Bonus Shares | – | | 1.80 | |
| | | 864.95 | | 609.77 |
| Capital Reserve | | | | |
| Balance as per Last Account | 5.35 | | 1.09 | |
| *Add* : Arisen on issue of Bonus Shares by Caldyne Automatics | – | | 1.80 | |
| *Add* : Share of loss in CEIL Motive Power Pty Limited, Australia | – | | 2.46* | |
| | | 5.35 | | 5.35 |
| Foreign Currency Translation Reserve | | 6.84 | | 4.05 |
| Profit & Loss Account Balance | | 168.13 | | 28.85 |
| | | 1,831.50 | | 912.89 |

* Represents share of loss in the associate company, investment in which was fully provided for.

| | | | | | |
|---|---|---|---|---|---|
| **3. LOAN FUNDS** | | | | | |
| SECURED | | | | | |
| Term Loans – | | | | | |
| Citi Bank N.A. | (a) | – | | 100.00 | |
| HDFC Bank | (b) | 4.82 | | – | |
| Kotak Mahindra Bank | (c) | 0.14 | | 0.46 | |
| | | | 4.96 | | 100.46 |
| Overdraft from Scheduled banks | (d) | | 76.64 | | 120.31 |
| | | | 81.60 | | 220.77 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | 31.3.2010 Rs. in Crores | 31.3.2010 Rs. in Crores | 31.3.2009 Rs. in Crores | 31.3.2009 Rs. in Crores |
|---|---|---|---|---|
| UNSECURED | | | | |
| Sales tax loan from Small Industries Promotion Council of Tamilnadu | 64.82 | | 65.44 | |
| Sales tax loan from Small Industries, Maharashtra | 2.71 | | 2.71 | |
| Term loan from Bank of America NA | 25.00 | | 50.00 | |
| Term loan from Standard Chartered Bank | – | | 22.12 | |
| | | 92.53 * | | 140.27 |
| | | 174.13 | | 361.04 |

* Includes repayable within one year Rs. 26.33 crs (Rs. 53.11 crs)

Securities

(a) Secured by hypothecation of Plant and Machinery, Moulds and other movable assets of EIL located at its Hosur factory.

(b) Secured by hypothecation of battery breaking machine of Chloride Metals Limited

(c) Secured by vehicle / equipment purchased under the facility.

(d) Secured by hypothecation of stocks & book debts, both present and future. The borrowings of Rs 76.47 crs (Rs 119.97 crs) in case of certain subsidiaries are further secured by a charge on their respective immovable properties.

4. MINORITY INTEREST

| | Rs. in Crores | Rs. in Crores |
|---|---|---|
| Balance of equity as on the acquisition date | 11.61 | 4.26 |
| Add: On acquisition of Leadage Alloys India Limited | – | 7.00 |
| *Add:* Movement in equity from acquisition date to 31.03.2010 | 25.01 | 6.57 |
| | 36.62 | 17.83 |

Note: Minority interest represents 49% (49%) of equity of Expex Batteries Ltd., 38.50% (38.50%) of Associated Battery Manufacturers (Ceylon) Limited and 49% (49%) of Leadage Alloys India Ltd.

5. DEFERRED TAX LIABILITY (NET)

| | | |
|---|---|---|
| Balance as per Last Account | 43.49 | 49.60 |
| *Add / (Less):* Deferred Tax Liability / (Asset) for the year (Refer note no III 'm' on Schedule 25) | 17.13 | (6.11) |
| | 60.62 | 43.49 |

6. FIXED ASSETS

| | GROSS BLOCK | | | | | ACCUMULATED DEPRECIATION / AMORTISATION | | | | | NET VALUE | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/Valuation as at 1.4.2009 | Additions on acquisition of a Subsidiary | Additions | Deductions | Cost/Valuation as at 31.03.2010 | As at 1.4.2009 | Addition on acquisition of a Subsidiary | Depreciation/ Amortisation | Less : On Sales/ Adjustments | As at 31.03.2010 | As at 31.03.2010 | As at 31.3.2009 |
| | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores |
| Goodwill | 47.85 (a) | – | – | – | 47.85 | 3.35 | – | – | – | 3.35 | 44.50 | 44.50 |
| Land | | | | | | | | | | | | |
| Freehold | 45.25 | – | 1.91 | 0.08 | 47.08 | – | – | – | – | – | 47.08 | 45.25 |
| Leasehold | 20.16 | – | – | – | 20.16 | 2.42 | – | 0.25 | – | 2.67 | 17.49 | 17.74 |
| Buildings | 227.05 | – | 9.57 | 1.76 | 234.86 (c) | 53.19 | – | 10.37 (d) | 1.05 | 62.51 | 172.35 | 173.86 |
| Plant & Machinery | 908.98 | – | 82.76 | 9.93 | 981.81 | 469.31 | – | 67.84 | 9.26 | 527.89 | 453.92 | 439.67 |
| Moulds | 99.72 | – | 14.68 | 3.72 | 110.68 | 61.77 | – | 7.45 | 3.56 | 65.66 | 45.02 | 37.95 |
| Furniture & Fittings | 16.24 | – | 1.25 | 0.58 | 16.91 | 10.99 | – | 1.13 | 0.40 | 11.72 | 5.19 | 5.25 |
| Motor Vehicles | 5.99 | – | 0.82 | 0.13 | 6.68 | 3.28 | – | 0.64 | 0.23 | 3.69 | 2.99 | 2.71 |
| Computers | 20.54 | – | 1.15 | 0.41 | 21.28 | 13.83 | – | 2.59 | 0.39 | 16.03 | 5.25 | 6.71 |
| Total | 1,391.78 | – | 112.14 | 16.61 | 1,487.31 | 618.14 | – | 90.27 | 14.89 | 693.52 | 793.79 | 773.64 |
| Previous year's Total | 1,177.88 | 47.65 | 196.80 | 30.55 | 1,391.78 | 566.17 | 1.58 | 75.78 | 25.39 | 618.14 | | |
| Capital Work-in-Progress (g) | | | | | | | | | | | 42.93 | 19.77 |
| | | | | | | | | | | | 836.72 | 793.41 |

a. ncludes Trade Marks, Patents and other intangibles.

b. Conveyance deeds for certain immovable properties valued at Rs. 3.77 crs (Rs. 3.77 crs) are pending execution.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

c. ncludes Rs 0.10 crs being the cost of shares in Co-operative Housing Societies.
d. ncludes Rs 3.34 crores (Rs Nil) being accelerated depreciation on certain buildings not in use in EIL.
e. Estimated outstanding commitments for Capital Expenditure Rs 69.86 crs (Rs 23.61 crs).
f. The details of fixed assets revalued have been given below:

| Name of the Company | Year of Revaluation | Assets revalued |
|---|---|---|
| EIL | 1991 and 1999 | Land, Building and Plant & Machinery |
| Caldyne | 2006 | Land, Building and Plant & Machinery |
| Leadage | 2008 | Land, Building and Plant & Machinery |
| CBSEA | 1992 | Land, Building and Plant & Machinery |
| ABML | 1990/1991 | Land and Building |
| CML | 2008 | Land, Building and Plant & Machinery |

The revaluation was carried out by approved valuers and the surplus arising thereon, has been transferred to Revaluation Reserve. As in the previous years, additional depreciation for the year on revalued assets has been appropriated from the Revaluation Reserve.

g. ncludes assets in transit

### 7. INVESTMENTS

| | No. | Face Value per Share/ Debenture | 31.3.2010 Rs. in Crores | | 31.3.2009 Rs. in Crores | |
|---|---|---|---|---|---|---|
| Long Term | | | | | | |
| Unquoted | | | | | | |
| Government Securities (Lodged as Security Deposit with various authorities) | | | | 0.01* | | 0.01 |
| Fully paid up Equity Shares | | | | | | |
| ING VYSYA Life Insurance Company Limited | 613,741,500** (520,000,000) | Rs 10 | 625.73 | | 531.99 | |
| Less: Post Acquisition loss | | | 381.46 | | 313.07 | |
| | | | | 244.27 | | 218.92 |
| CEIL Motive Power Pty Ltd., Australia | – (26) | | | – | | –# |
| Others : | | | | | | |
| Arkay Energy (Rameswarm) Limited | - (700,000) | Rs. 10 | | – | | 0.70 |
| Haldia Integrated Development Agency Ltd. | 500,000 | Rs. 10 | | 0.50 | | 0.50 |
| Browns Group Motels Limited | 20000 | Srilankan Rp10 | | 0.01 | | 0.01 |
| Fully paid up Debentures | | | | | | |
| Woodlands Hospital and Medical Research Centre Ltd. | | | | | | |
| 1/2% Debentures | 45 | 100 | | –*^ | | – |
| 5% Non-redeemable Registered Debentures | 1 | 6,000 | | –*^ | | – |
| 5% Non-redeemable Registered Debentures | 1 | 6,500 | | –*^ | | – |
| The Bengal Chamber of Commerce & Industry | | | | | | |
| 6 1/2% Debenture | 2 | 1,000 | | –*^ | | – |
| Investment in Property | | | | 0.45* | | 0.48 |
| Treasury Bill | | | | 2.40 | | – |
| Quoted | | | | | | |
| Fully Paid up Equity Shares | | | | | | |
| Hathway Cable and Datacom Limited (Aggregate Market Value Rs 22.67 Crores) | 1092566 (–) | Rs 10 | | 26.22 | | – |
| Current - Quoted | | | | | | |
| Browns Beach Hotel | - (10400) | Sri Lankan Rp 10 | | – | | 0.01 |
| Asia Capital Limited | - (11000) | Sri Lankan Rp 5 | | – | | –^ |
| Units of Mutual Funds (Refer Note no III 'r' on Schedule 25) | | | | 602.93* | | 55.30 |
| | | | | 876.79 | | 275.93 |

| Aggregate Value of Investment | Cost | Market Value | Cost | Market Value |
|---|---|---|---|---|
| Quoted | 629.15 | 625.60 | 55.31 | 55.31 |
| Unquoted | 247.64 | | 220.62 | |

Note: All the above investments, except those marked with an asterisk, are trade investments
** Includes 10,41,66,500 Shares pending allotment as at Balance Sheet date - since alloted and Rs 154.94 crs (Rs 154.94 crs) towards Goodwill.
# Net of Provision for diminution in value of investments Rs. 1.02 crs.
^ Figures being less than Rs. 50,000 in each case, has not been disclosed

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | 31.3.2010 Rs. in Crores | Rs. in Crores | 31.3.2009 Rs. in Crores | Rs. in Crores |
|---|---|---|---|---|
| **8. INVENTORIES** | | | | |
| (At Lower of Cost or Net Realisable Value) | | | | |
| Stores, Spare Parts, Loose Tools etc. | | 14.30 | | 13.29 |
| Raw Materials and Components @ | | 369.05 | | 178.83 |
| Work-in-Progress | | 190.34 | | 140.91 |
| Finished Goods @ | 175.05 | | 141.41 | |
| Add: Excise Duty | 22.52 | | 20.34 | |
| | | 197.57 | | 161.75 |
| Trading Goods | | 25.60 | | 29.41 |
| Assets held for Sale | | – | | 0.05 |
| | | 796.86 | | 524.24 |
| @ Includes materials in transit/Bonded warehouse or lying with third parties | | | | |
| **9. SUNDRY DEBTORS** | | | | |
| (Unsecured, considered good) | | | | |
| Debts over six months | | 7.52 * | | 13.02 |
| Other Debts | | 290.53 | | 252.72 |
| | | 298.05 | | 265.74 |
| * Net of doubtful debts fully provided for | | 3.23 | | 6.96 |
| **10. CASH AND BANK BALANCES** | | | | |
| Cash and Cheques in hand (including Remittances in transit) | | 12.91 | | 21.74 |
| Balances with banks on: | | | | |
| Current Account | 10.50 | | 14.21 | |
| Fixed Deposit Account | 4.67 | | 1.32 | |
| Unpaid Dividend Account | 2.06 | | 1.69 | |
| | | 17.23 | | 17.22 |
| | | 30.14 | | 38.96 |
| **11. LOANS AND ADVANCES** | | | | |
| (Unsecured, Considered good) | | | | |
| Loans | | 0.01 | | 0.01 |
| Interest Accrued on loans | | – | | 0.14 |
| Advances recoverable in cash or in kind or for value to be received or pending adjustments | | 43.12 | | 30.27 |
| Advance Tax, Refunds receivable and Tax deducted at source (net of provisions) | | 14.46 | | 0.23 |
| Balances with Customs, Sales Tax & Excise Authorities | | 16.13 | | 5.69 |
| Deposits - Others | | 11.90 | | 10.71 |
| * Net of Provision for Doubtful Loans & Advances Rs. 1.08 crs. (Rs. 2.58 crs) | | 85.62* | | 47.05 |
| **12. CURRENT LIABILITIES** | | | | |
| Sundry Creditors | | | | |
| – Due to Micro and Small enterprises | | 8.48 | | 8.29 |
| – Due to others | | 484.81 | | 317.08 |
| Other Liabilities | | 65.30 | | 44.88 |
| Acceptances | | 47.08 | | 33.71 |
| Advances from Customers | | 16.51 | | 9.25 |
| Investor Education and Protection Fund (Refer note no III 'l' on Schedule 25) | | 2.06 | | 1.73 |
| Interest accrued but not due on Loans | | 0.44 | | 3.32 |
| | | 624.68 | | 418.26 |
| **13. PROVISIONS** | | | | |
| Employee Benefits | | 16.92 | | 14.46 |
| Product related Warranty / Guarantees (Refer note no III 'n' on Schedule 25) | | 48.36 | | 53.61 |
| Taxation (net of Advance Tax) | | 3.75 | | 25.10 |
| Proposed Dividend | | 36.73 | | 16.27 |
| Tax on Proposed Dividend | | 6.17 | | 2.69 |
| | | 111.93 | | 112.13 |

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | 2009-10 | | 2008-09 | |
|---|---|---|---|---|
| | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores |
| **14. SALES** | | | | |
| Storage Batteries | | 4,685.47 | | 4,205.00 |
| Trading Items | | | | |
| Batteries | 9.59 | | 17.82 | |
| Battery chargers, UPS, etc. | 11.79 | | 15.06 | |
| Solar Lanterns and Homelights | 12.63 | | 3.82 | |
| Lead and lead Alloy | 98.87 | | 99.25 | |
| | | 132.88 | | 135.95 |
| Others | | 6.09 | | 3.06 |
| | | 4,824.44 * | | 4,344.01 |
| * Net of Exchange Gain Rs. 1.38 crs. (Rs. 8.70 crs.) | | | | |
| **15. OTHER INCOME** | | | | |
| Dividend from Current Non-Trade Investments | | 3.78 | | 0.73 |
| Profit on Sale of Investments | | 0.02 | | – |
| Profit on Fixed assets sold | | 0.63 | | 2.53 |
| Bad debts recovered | | 1.25 | | 0.17 |
| Sundry Income | | 2.50 | | 2.44 |
| | | 8.18 | | 5.87 |
| **16. (INCREASE) / DECREASE IN STOCKS** | | | | |
| Opening Stocks | | | | |
| Work-in-Progress | 140.91 | | 132.42 | |
| Finished Goods | 141.41 | | 152.09 | |
| Trading Goods | 29.41 | | 30.79 | |
| | | 311.73 | | 315.30 |
| Closing Stocks | | | | |
| Work-in-Progress | 190.34 | | 140.91 | |
| Finished Goods | 175.05 | | 141.41 | |
| Trading Goods | 25.60 | | 29.41 | |
| | | 390.99 | | 311.73 |
| Excise Duty | | (2.18) * | | 7.96 |
| | | (81.44) | | 11.53 |
| * Represents Excise duty on (Increase) / decrease of Finished goods inventory | | | | |
| **17. MATERIALS CONSUMED** | | | | |
| Raw Materials, Components, etc. | | | | |
| Opening Stock | 178.83 | | 284.31 | |
| *Add:* Purchases (including Processing charges, Procurement expenses etc. and after adjusting Cenvat Credits) | 2,322.96 | | 1,898.80 | |
| | 2,501.79 | | 2,183.11 | |
| *Less:* Closing Stock | 369.05 | 2,132.74 | 178.83 | 2,004.28 |
| (Refer Note no III 'j' on Schedule 25) | | | | |
| | | 2,132.74 | | 2,004.28 |
| **18. PERSONNEL COSTS** | | | | |
| Salaries, Wages & Bonus | | 209.17 | | 160.36 |
| Contribution to Provident & Other Funds (net) | | 22.41 | | 17.44 |
| Welfare Expenses | | 29.66 | | 23.28 |
| | | 261.24 | | 201.08 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | 2009-2010 | | 2008-2009 | |
|---|---|---|---|---|
| | Rs. in Crores | Rs. in Crores | Rs. in Crores | Rs. in Crores |
| **19. EXPENSES** | | | | |
| Stores & Spare Parts consumed | | 43.95 | | 35.83 |
| Power & Fuel | | 152.14 | | 129.28 |
| Battery Charging / Battery Assembly expenses | | 8.95 | | 6.97 |
| Repairs & Maintenance | | | | |
| Buildings | 6.12 | | 4.96 | |
| Plant & Machinery | 24.88 | | 19.45 | |
| Computers & Softwares | 3.86 | | 4.26 | |
| Others | 2.85 | 37.71 | 3.31 | 31.98 |
| Rent & Hire Charges (net) | | 11.23 | | 8.89 |
| Rates & Taxes | | 1.98 | | 2.42 |
| Insurance | | 1.65 | | 2.01 |
| Commission | | 5.64 | | 7.63 |
| Royalty and Technical Aid Fees | | 4.63 | | 5.03 |
| Publicity and Sales Promotion | | 43.99 | | 29.41 |
| Freight & Forwarding (net) | | 120.29 | | 95.01 |
| Selling Expenses (Schedule 23) | | 66.44 | | 58.16 |
| Travelling & Conveyance | | 13.83 | | 13.11 |
| Bank Charges | | 4.28 | | 6.13 |
| Communication Costs | | 6.20 | | 5.80 |
| Donations | | 0.29 | | 0.02 |
| Auditors' Remuneration (refer note no III 'k' on schedule 25) | | 0.94 | | 0.83 |
| Directors' Fees | | 0.03 | | 0.02 |
| Loss on Fixed assets sold / discarded | | 0.51 | | 0.84 |
| Bad Debts written off | 10.14 | | 5.21 | |
| Less : Adjusted against provision | (5.05) | 5.09 | (0.04) | 5.17 |
| Loans and Advances written off | 2.89 | – | | |
| Less: Adjusted against provision | (2.54) | 0.35 | – | – |
| Loss on Disposal of Long term Trade Investment | 1.01 | – | | |
| Less: Adjusted against provision | (1.01) | – | – | – |
| Provision for Doubtful Debts | | 0.88 | | – |
| Provision for Doubtful Loans and Advances | | – | | 2.58 |
| Provision for Diminution in value of Investment | | – | | 1.02 |
| Miscellaneous Expenses (Schedule 24) | | 25.76 | | 23.45 |
| | | 556.76 | | 471.59 |
| **20. INTEREST AND FINANCE COST** | | | | |
| Interest on: | | | | |
| Term Loans | | 5.10 | | 14.86 |
| Working Capital Borrowings | | 11.56 * | | 44.82 |
| | | 16.66 | | 59.68 |
| Fund Mobilisation Costs | | 0.12 | | 0.11 |
| | | 16.78 | | 59.79 |
| *Less:* Interest Received on loans, deposits etc. (including Tax deducted at source Rs. 0.07 crs. (Rs. 0.06 crs.) | | 0.68 | | 1.05 |
| | | 16.10 | | 58.74 |
| * Net of exchange Gain Rs. 3.57 crs. (Loss Rs. 13.72 crs.) | | | | |
| **21. DEPRECIATION/AMORTISATION** | | | | |
| Charge for the year | | 90.27 | | 75.78 |
| *Less:* Transfer from Revaluation Reserve | | 2.74 | | 3.81 |
| | | 87.53 | | 71.97 |

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

| | 2009-2010<br>Rs. in Crores | 2008-2009<br>Rs. in Crores |
|---|---|---|
| **22. TAXATION** | | |
| Provision for Income Tax | 300.62* | 155.96 |
| Provision for Wealth Tax | 0.23 | 0.23 |
| Provision for Fringe Benefit Tax | – | 1.70 |
| | 300.85 | 157.89 |
| * net of Deferred Tax release Rs.0.14 crs. (Rs. 6.21 crs) and provision for earlier years Rs. 1.41 crs. (Rs. 1.50 crs). (Refer Note no III 'm' on Schedule 25) | | |
| **23. SELLING EXPENSES** | | |
| Testing Charge | 1.02 | 0.46 |
| Liquidated Damages | 0.49 | 0.69 |
| Cash Discounts | 33.51 | 32.48 |
| After Sales Services | 14.85 | 14.30 |
| C & F Expenses | 16.17 | 10.00 |
| Installation Costs | 0.40 | 0.23 |
| | 66.44 | 58.16 |
| **24. MISCELLANEOUS EXPENSES** | | |
| Motor Vehicle Running Expenses | 4.21 | 4.22 |
| Consultancy & Services outsourced | 6.91 | 7.96 |
| Security Service Charges | 4.41 | 3.69 |
| General Expenses | 1.18 | 1.13 |
| Legal Expenses | 1.92 | 1.05 |
| Printing & Stationery | 4.03 | 3.46 |
| TQM Expenses | 0.27 | 0.33 |
| CSR Expenses | 1.32 | 0.33 |
| Pollution Control Expenses | 1.51 | 1.28 |
| | 25.76 | 23.45 |
| **25. NOTES TO ACCOUNTS** | | |
| I. **CONTINGENCIES** | Rs. in Crores | Rs. in Crores |
| Contingent liabilities not provided for in respect of | | |
| – Indemnity for Letters of Credit | – | – |
| – Outstanding Bank Guarantees / Indemnity Bonds | 10.16 | 10.30 |
| – Sales Tax demands | 19.47 | 0.56 |
| – Excise Duty demands | 0.77 | 0.68 |
| – Income Tax demands | 0.03 | – |
| – Other claims being disputed by the Company | 0.50 | 0.54 |
| – Share of contingent liabilities of Associate Companies | 43.38 | 4.87 |
| – Claim from a landlord, an appeal whereby is pending in Hon'ble Bombay High Court | Not ascertainable | Not ascertainable |
| II. **DIRECTORS' REMUNERATION** | Rs. in Crores | Rs. in Crores |
| Salary | 6.89 | 6.17 |
| Contribution to Provident and other Funds | 0.81 | 0.75 |
| Cost of other benefits | 0.64 | 0.67 |
| Commission | 1.65 | 1.51 |
| Sitting Fees | 0.03 | 0.01 |
| | 10.02 | 9.11 |

25. NOTES TO ACCOUNTS (Contd.)

III. OTHERS

**a. Principles of consolidation of financial statements:**

The consolidated financial statements which relate to Exide Industries Ltd. (EIL) and its subsidiary companies, have been prepared on the following basis -

i. The financial statements of the company and its subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit/loss included therein.

ii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and are presented, to the extent possible, in the same manner as the company's separate financial statements.

iii. The excess / shortfall of cost to the company of its investments in the subsidiary companies is recognised in the financial statements as goodwill / capital reserve, as the case may be. The goodwill amount so arisen is tested for impairment at each year end.

iv. The subsidiary companies considered in the financial statements are as follows:

| Name | Country of Incorporation | % of Voting power as on March 31, 2010 |
|---|---|---|
| Chloride International Limited (CIL) | India | 100 |
| Caldyne Automatics Ltd (CALDYNE) | India | 100 |
| Chloride Batteries S.E. Asia Pte Ltd. (CBSEA) & its wholly owned subsidiary (Exide Batteries Pvt. Ltd.) | Singapore | 100 |
| Espex Batteries Limited (ESPEX) | UK | 51 |
| Associated Battery Manufacturers (Ceylon) Ltd. (ABML) | Sri Lanka | 61.50 |
| Chloride Metals Ltd. (CML) (Formerly Tandon Metals Ltd.) | India | 100 |
| Leadage Alloys India Ltd. (LAIL) | India | 51 |

v. Foreign Exchange fluctuations on conversion of the accounts of EIL's foreign subsidiaries have been taken to "Foreign Currency Translation Reserve" (Arising on Consolidation).

**Minority Interest**

In terms of Accounting Standard 21, the minority interest has been computed in respect of Espex Batteries Limited, Associated Battery Manufacturers (Ceylon) Limited and Leadage Alloys India Limited, all non-fully owned subsidiaries.

**b. Investments in Associates**

Accounting Standard – 23 – "Accounting for investments in Associates in Consolidated Financial Statements" notified by the Companies Accounting Standard Rules, 2006 has been followed by the group as below –

i. An associate company is a company, not being a subsidiary, in which EIL holds, directly or indirectly through subsidiaries, 20% or more of the voting power of the investee.

ii. The investments in associates are accounted for under the 'Equity Method'.

iii. The excess / shortfall of cost to the company of its investments in the associates is disclosed in the financial statements as goodwill / capital reserve.

iv. The 'associate' considered in the financial statements are as follows:

| Name | Country of Incorporation | % of Voting power as on March 31, 2010 |
|---|---|---|
| ING Vysya Life Insurance Company Ltd. | India | 50 |

v. Investment in an associate CEIL Motive Power Pty Ltd., as Associate Company till last year and fully provided for, has been sold during the year.

25. NOTES TO ACCOUNTS (Contd.)

**c.** Sales are net of price adjustments for earlier years, settled during the year by the Company and discounts, trade incentives etc (after adjustment of excess provision written back amounting to Rs. 9.93 crs).

**d.** Excise Duty includes Rs. 8.83 crs. (Rs. 11.96 crs.) paid on batteries issued towards warranty claims.

**e.** Stores and Spares consumed is exclusive of Rs. 0.37 crs. (Rs. 0.29 crs.) being the amounts allocated to other heads of expenses.

**f.** Diminution, based on the net worth as per the latest audited accounts of the relevant company or market value, in the value of certain long term unquoted/quoted investments as on the Balance Sheet date, being temporary in nature, has not been provided.

g. **Operating Lease Commitments**

EIL has paid Rs. 0.49 crs (Rs. 0.52 crs) towards lease of residential apartments. These are cancellable leases, renewable by mutual agreement. Generally, there is no escalation clause and no other restrictions imposed by the lease arrangements. There are no sub-leases.

The future minimum lease amounts under non-cancellable operating lease in case of CBSEA and ESPEX are payable as follows:

**Rs. in crs.**

| | 2009-2010 | 2008-2009 |
|---|---|---|
| Not later than one financial year | 0.38 | 0.36 |
| Later than one financial year but not later than five financial years | 1.49 | 1.43 |
| Later than five financial years | 7.07 | 7.69 |

h. For CML, the management has during the year reviewed the balance life of the Stationary furnace plant based on technical estimates and has determined that there is no balance useful life for the same. Accordingly, the company has depreciated the entire balance amount of its net book value in its books. Because of this, depreciation for the year is higher by Rs. 2.69 crs and consequently the profit before tax is lower by the like amount. The asset was later scrapped during the year.

i. The following assets and liabilities in foreign currencies as at the Balance Sheet Date are not hedged:

**Rs. in crs.**

| Sr. No. | Particulars | 31.3.2010 | 31.3.2009 |
|---|---|---|---|
| (i) | Trade Receivable | 23.90 | 19.71 |
| (ii) | Loans given to an overseas subsidiaries | 0.07 | 0.07 |
| (iii) | Investments in overseas subsidiaries and associates | 18.43 | 19.45 |
| (iv) | Dividend and Technical fees receivable | 0.72 | 0.52 |
| (v) | Trade Payables | 94.66 | 56.71 |

EIL also has a rupee swap to fully hedge the foreign currency borrowing of Rs.25 crs (Rs. 72.12 crs).

25. NOTES TO ACCOUNTS (Contd.)

j. Materials consumed (Schedule 16) includes warranty costs Rs. 28.81 crs. (Rs. 37.59 crs.) and is net of exchange fluctuation Gain Rs.18.18 crs. (Includes Exchange Loss Rs.40.64 crs.), export incentives Rs.5.10 crs. (Rs.4.64 crs.), and purchase tax set-off Rs.0.04 crs. (Rs. nil).

k. **Details of Auditor's remuneration:-**

| | 2009-10 (Rs. in crs.) | 2008-09 (Rs. in crs) |
|---|---|---|
| Statutory Audit | 0.58 | 0.54 |
| Limited Reviews | 0.22 | 0.18 |
| Tax Audit | 0.07 | 0.05 |
| In other capacity for certificates etc | 0.03 | 0.03 |
| Out of Pocket Expenses | 0.04 | 0.03 |
| **Total** | **0.94** | **0.83** |

l. Details of amount payable (when due) to Investor Education & Protection Fund are as follows (Schedule – 12) :

| | 2009-2010 Rs. in Crs. | 2008-2009 Rs. in Crs. |
|---|---|---|
| Unclaimed Dividend | 2.06 | 1.70 |
| Unclaimed Public Deposit | – | 0.03 |
| **Total** | **2.06** | **1.73** |

m. **i)** The break-up of Consolidated Deferred Tax liability of EIL, Caldyne, CML, CBSEA and LAIL as on 31 March 2010 is as follows:

| | 31.03.2010 Rs. in crs. | 31.03.2009 Rs. in crs. |
|---|---|---|
| A. Deferred Tax Liability | | |
| i) Timing Difference in depreciable assets | 65.29 | 59.98 |
| ii) Expenses claimed as deduction as per Income Tax Act, 1961 but not booked in current year | 7.87 | 7.95 |
| **Total** | **73.16** | **67.93** |
| B. Deferred Tax Assets | | |
| i) Expenses allowable against taxable income In future years | 8.08 | 12.16 |
| ii) Expenses disallowed in earlier assessments which are being contested | 4.46 | 12.28 |
| Total | 12.54 | 24.44 |
| **Net Deferred Tax Liability** | **60.62** | **43.49** |

25. NOTES TO ACCOUNTS (Contd.)

**ii)** The break-up of Deferred Tax Asset of ABML and CBSEA as on 31 March 2010 is as follows:

| | 31.03.2010 Rs. in crs. | 31.03.2009 Rs. in crs. |
|---|---|---|
| A. Deferred Tax Liability on Timing Difference in depreciable assets | 0.58 | 0.58 |
| B. Deferred Tax Assets on Expenses allowable against taxable income in future years | 0.88 | 0.89 |
| **Net Deferred Tax (Asset)** | (0.30) | (0.31) |

Based on a recent ruling of The Hon'ble Supreme Court in another case and also its tax assessment order for an earlier year, the Company has treated provision for warranty as an allowable expenditure while estimating the liability for IncomeTax for the year and has also written back excess tax liabilities of Rs.18.09 crores and reversed the corresponding deferred tax asset of Rs. 17.27 crores for past years arising due to the above.

n. The movements in 'Provision for Product Related Warranty / Guarantee' Account during the year are as follows :

Rs. in crs.

| | 2009-2010 | 2008-2009 |
|---|---|---|
| Balance as on 1st April 2009 | 53.61 | 53.32 |
| Add: Amount created during the year | 39.64 | 52.14 |
| Less: Product related warranties issued for the year | 44.77 | 52.17 |
| Effect of Foreign Exchange Movements | (0.12) | 0.32 |
| Balance as on 31st March 2010 | **48.36** | **53.61** |

o. During the year, EIL has issued 5 crores shares of Re 1 each to Qualified Institutional Buyers (QIBs) at a premium of Rs.106.90 to generate funds for its capital expenditure, acquisitions and for general corporate purposes. The total sum received aggregated to Rs. 539.50 crores (including Rs.534.50 crores towards Securities premium).
Pending utilization of the money for the purposes mentioned above, the Company has temporarily invested the funds in mutual funds after adjusting share issue expenses of Rs 9.59 crores (including Auditor's remuneration of Rs. 0.27 crores).

p. Details for calculation of basic and diluted earning per share are as under:

| | | 2009-2010 | 2008-2009 |
|---|---|---|---|
| Net Profit as per Profit & Loss Account | (Rs. crs.) | 493.52 | 191.49 |
| Weighted average number of Equity Shares | (No.) | 80,27,39,806 | 80,00,00,000 |
| Face Value of Shares | (Re.) | 1.00 | 1.00 |
| Basic and diluted earning per share | (Rs.) | 6.15 | 2.39 |

25. NOTES TO ACCOUNTS (Contd.)

**q. BUSINESS SEGMENT**

The group's business is organized in three primary business segments, 'Lead Acid Storage Batteries', 'Lead Smelting' and Solar Lantern & Homelights. Lead Acid Storage batteries being the only reportable segment, segment information for the group is as under:

(Rs. in crs.)

| Business segment: | Lead acid Storage Batteries | | Others | | Consolidated Total | |
|---|---|---|---|---|---|---|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| REVENUE External sales (Net) and Other income | 3,968.64 | 3,405.40 | 18.40 | 5.34 | 3,987.04 | 3,410.74 |
| RESULT Segment result in operating Profit | 828.14 | 489.08 | 69.69 | 21.94 | 897.83 | 511.02 |
| Interest expenses | 12.48 | 51.77 | 4.31 | 8.02 | 16.79 | 59.79 |
| Interest income | 0.42 | 0.88 | 0.26 | 0.17 | 0.68 | 11.05 |
| Income taxes | 277.03 | 152.54 | 23.82 | 5.35 | 300.85 | 157.89 |
| Net profit after tax and before minority interest and share of loss of Associate Company | 539.06 | 285.65 | 41.82 | 8.74 | 580.88 | 294.39 |
| OTHER INFORMATION Total Segment assets | 2,640.09 | 1,844.24 | 284.39 | 101.40 | 2,924.48 | 1,945.64 |
| Total Segment liabilities | 741.58 | 890.39 | 190.70 | 44.53 | 932.28 | 934.92 |
| Capital expenditures | 113.79 | 160.90 | 21.51 | 8.53 | 135.30 | 169.43 |
| Depreciation | 82.70 | 70.19 | 4.83 | 1.78 | 87.53 | 71.97 |

**GEOGRAPHICAL SEGMENTS**

EIL and its subsidiaries primarily operate in India and therefore, the analysis of geographical segments is demarcated into its Indian and Overseas operations as under:

| | Revenue – Gross Sales | |
|---|---|---|
| | 2009-2010 Rs. in crs. | 2008-2009 Rs. in crs. |
| India | 4499.30 | 4016.07 |
| Overseas | 325.14 | 327.94 |

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and additions by geographical area in which assets are located:

Rs. in crs.

| | Carrying amount of segment assets | | Addition to fixed assets and intangible assets | |
|---|---|---|---|---|
| | 31.3.2010 | 31.3.2009 | 2009-2010 | 2008-2009 |
| India | 2807.14 | 1831.53 | 134.13 | 168.48 |
| Overseas | 117.34 | 114.11 | 1.17 | 0.95 |
| | 2924.48 | 1945.64 | 135.30 | 169.43 |

25. NOTES TO ACCOUNTS (Contd.)

r. In additions to the details furnished in Schedule 7, the following investments in Mutual funds units were purchased and sold during the year by EIL:

| Name of the fund | Unit Purchased | Units Sold |
|---|---|---|
| Reliance Mutual Fund | 450,592.26<br>(420.10) | 450,592.26<br>(420.10) |
| HDFC Mutual Fund | 50,002,584.50<br>(9,989,321.78) | 50,002,584.50<br>(9,989,321.78) |
| ING Vysya Mutual Fund | 210,088,401.17<br>(50,606,168,66) | 210,088,401.17<br>(50,606,168,66) |
| IDFC Mutual Fund | 14,030,895.74<br>(–) | 14,030,895.74<br>(–) |
| ICICI Prudential Mutual Fund | 2,846,775.33<br>(–) | 2.846,775.33<br>(–) |
| Kotak Mutual Fund | 9,994,859.04<br>(–) | 9,994,859.04<br>(–) |
| Can Rebeco Mutual Fund | 4,060,529.66<br>(–) | 4,060,529.66<br>(–) |
| Tata Mutual Fund | 34,971,817.45<br>(5,004,440.73) | 34,971,817.45<br>(5,004,440.73) |
| Bharti Axa Mutual Fund | 50,039.49<br>(–) | 50,039.49<br>(–) |
| SBI Mutual Fund | 5,001,846.16<br>(–) | 5,001,846.16<br>(–) |
| Birla Mutual Fund | 25,068,502.31<br>(–) | 25,068,502.31<br>(–) |
| DSP Mutual Fund | 49,994.28<br>(50,151.95) | 49,994.28<br>(50,151.95) |

**s. Gratuity, compensated absences and other post-employment benefit plans**

EIL has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of the Payment of gratuity Act, 1972. The scheme is funded with an insurance company.

EIL provides certain Post-Retirement Medical Benefits (PRMB) to the employees qualifying for such benefits under the scheme as at 31st March 2006, and accordingly the number of beneficiaries is frozen on that date. These benefits are unfunded.

EIL has a pension plan, a part of the liability whereof upto 31st March 2003, is in nature of a defined benefit plan. From 1 April 2003 onwards the pension liability remains as a defined contribution liability which is funded annually with an insurance company.

EIL also extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement/separation. This is an unfunded plan.

The following table summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

25. NOTES TO ACCOUNTS (Contd.)

| | Rs. in crs. For the year ended 31st March 2010 | | | Rs. in crs. For the year ended 31 March 2009 | | |
|---|---|---|---|---|---|---|
| | GRATUITY | PENSION | PRMB Plan (Benefit) | GRATUITY | PENSION | PRMB Plan (Benefit) |
| **I. Expenses recognised in the statement of Profit & Loss Account** | | | | | | |
| 1. Current Service Cost | 2.02 | – | 0.06 | 1.75 | – | 0.07 |
| 2. Interest Cost | 1.83 | 0.59 | 0.16 | 1.82 | 0.68 | 0.17 |
| 3. Expected Return on plan assets | 2.52 | 0.97 | – | 2.07 | 0.95 | – |
| 4. Actuarial (Gains) / Losses | 6.55 | 0.09 | 0.53 | 4.08 | 0.30 | 0.22 |
| 5.. Total Expense | 7.88 | (0.29) | 0.75 | 5.58 | 0.03 | 0.46 |
| **II. Net Asset / (Liability) recognised in the Balance Sheet** | | | | | | |
| 1. Present Value of Defined Benefit Obligation | 37.54 | 9.59 | 3.11 | 29.51 | 9.42 | 2.47 |
| 2. Fair Value of Plan Assets | 36.66 | 13.01 | – | 29.50 | 12.53 | – |
| 3. Net Asset / (Liability) | (0.88) | 3.42 | (3.11) | (0.01) | 3.11 | (2.47) |
| **III. Change in Obligation during the year** | | | | | | |
| 1. Present Value of Defined Benefit Obligation at the beginning of the year | 29.51 | 9.42 | 2.47 | 23.77 | 8.67 | 2.11 |
| 2. Current Service Cost | 2.02 | – | 0.06 | 1.75 | – | 0.07 |
| 3. Interest Cost | 1.83 | 0.59 | 0.16 | 1.82 | 0.68 | 0.17 |
| 4. Benefits Paid | 2.87 | 0.84 | 0.11 | 2.08 | 0.43 | 0.10 |
| 5. Actuarial (Gains) / Losses | 7.05 | 0.42 | 0.53 | 4.25 | 0.50 | 0.22 |
| 6. Present Value of Defined Benefit Obligation at the end of the year | 37.54 | 9.59 | 3.11 | 29.51 | 9.42 | 2.47 |
| **IV. Change in Fair Value of Plan Assets during the year** | | | | | | |
| 1. Plan assets at the beginning of the year | 29.50 | 12.53 | – | 24.50 | 12.35 | – |
| 2. Expected return on plan assets | 2.52 | 0.97 | – | 2.07 | 0.95 | – |
| 3. Contribution by employer | 7.01 | 0.02 | 0.11 | 4.80 | (0.54) | 0.10 |
| 4. Actual Benefits Paid | 2.87 | 0.84 | 0.11 | 2.04 | 0.43 | 0.10 |
| 5. Actuarial (Gains) / Losses | 0.50 | 0.33 | – | 0.17 | 0.20 | – |
| 6. Plan assets at the end of the year | 36.66 | 13.01 | – | 29.50 | 12.53 | – |
| 7. Actual return on Plan Assets | 3.02 | 1.30 | – | 2.24 | 1.15 | – |

25. NOTES TO ACCOUNTS (Contd.)

V. In 2010-11 the Company expects to contribute Rs. 4.00 crs. to gratuity and Rs. 1.00 crs. to Pension.

VI. The major categories of plan assets as a percentage of the fair value of total plan assets

| | | | | | | |
|---|---|---|---|---|---|---|
| Investments with insurer | 100% | 100% | – | 100% | 100% | – |

VII. Actuarial Assumptions

| | EIL | CML | Caldyne | Leadage |
|---|---|---|---|---|
| 1. Discount Rate | 7.50% p.a (6.50%) | 8.25% p.a (8.00%) | 8.00% p.a (8.00%) | 8.20% p.a (7.00%) |
| 2. Expected rate of return on plan asets | 8.00% p.a (8.00%) | – | 8.50% p.a (8.50%) | – |
| 3. Mortality pre retirement | Standard Table LIC (1994-96) Ultimate | – | Standard Table LIC (1994-96) Ultimate | – |
| 4. Mortality post retirement | Mortality for annuitants LIC (1996-98) Ultimate | – | – | – |
| 5. Employee Turnover Rate | 19.30% (19.30%) | 2.00% (2.00%) | – | – |

VIII. Healthcare cost trend rates have no effect on the amounts recognised in the profit and loss account, since the benefit is in the form of a fixed amount as per the various grades, which is not subject to change.

IX. The estimates 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.

X. Contribution to Provident and Other Funds includes Rs. 12.51 crs. (Rs. 10.26 crs.) paid towards Defined Contribution Plans.

XI. The above disclosures are made for all the Indian companies within the Group.

**t. Related Party Disclosure:**

i) Particulars of related parties:

| | | |
|---|---|---|
| 1. Associated Companies | – | ING VYSYA Life Insurance Company Limited (IVL)<br>CEIL Motive Power Pty Limited, Australia (CMP) - Upto 24th August, 2009 |
| 2. Enterprise / Individuals having a direct or indirect control over the Company | – | Chloride Eastern Limited, UK. (CEL)<br>Chloride Eastern Industries Pte Limited, Singapore (CEIL)<br>LIEC Holdings SA, Switzerland<br>Mr. S B Raheja<br>Brown & Company PLC |
| 3. Key Management Personnel | – | Mr. T V Ramanathan, Mr. G Chatterjee, Mr. P K Kataky, Dr. S K Mittal, Mr. A K Mukherjee, Mr. Nadeem Kazim, Mr. Supriya Coomer, Mr. Chng Hee Teck, Mr. R M D Bandara, Mr. T W Atkins, Mr. Partha Sen, Mr. T Arunkumar, Mr. T Rajkumar, Mr. A B Oke, Mr. E Narayanan |
| 4. Name of the Companies/firms/ in which Directors/ Key Management Personnel have signinifacant influence with whom transactions have happened during the year. | – | Global Lead Alloys,<br>Klevenberg (Pvt) limited<br>Browns Group Industries Limited<br>SM Vaieram |

25. NOTES TO ACCOUNTS (Contd.)

ii) Details of transactions entered into with related parties:

(In Rs. crs.)

| | Associated Companies | | Enterprise/Individuals having direct or indirect control | | Key Management Personnel | Companies /firms in which directors / their relatives are interested | | Total | |
|---|---|---|---|---|---|---|---|---|---|
| | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Transaction Value | Balance Outstanding as on 31-03-2010 | Transaction Value | Balance Outstanding as on 31-03-2010 |
| Purchases of goods | | | | | | | | | |
| – CEIL | – | – | – | – | – | – | – | – | – |
| | – | – | (14.49) | (2.07) | – | – | – | (14.49)) | (2.07) |
| – Global Lead Alloys | – | – | – | – | – | 1.31 | 0.01 | 1.31 | 0.01 |
| | – | – | – | – | – | (2.55) | (0.02) | (2.55) | (0.02) |
| – Brown & company PLC | – | – | 0.61 | 0.80 | – | – | – | 0.61 | 0.80 |
| | – | – | (0.77) | (1.02) | – | – | – | (0.77) | (1.02) |
| – Browns Group Industries Limited | – | – | – | – | – | 3.34 | 0.43 | 3.34 | 0.43 |
| | – | – | – | – | – | (3.00) | (0.32) | (3.00) | (0.32) |
| Sale of goods | | | | | | | | | |
| – CMP | – | – | – | – | – | – | – | – | – |
| | (7.61) | (0.29) | – | – | – | – | – | (7.61) | (0.29) |
| – Brown & company PLC | – | – | 57.70 | 10.63 | – | – | – | 57.70 | 10.63 |
| | – | – | (41.09) | (8.04) | – | – | – | (41.09) | (8.04) |
| – Klevenberg (Pvt) Limited | – | – | – | – | – | 12.21 | 3.56 | 12.21 | 3.56 |
| | – | – | – | – | – | (6.16) | (2.57) | (6.16) | (2.57) |
| Job Work charges Paid | | | | | | | | | |
| – Global Lead Alloys | – | – | – | – | – | 0.25 | – | 0.25 | – |
| | – | – | – | – | – | (0.14) | – | (0.14) | – |
| Transportation Charges Paid | | | | | | | | | |
| – SM Valeram | – | – | – | – | – | 0.04 | – | 0.04 | – |
| | – | – | – | – | – | – | – | – | – |
| Interest Paid | | | | | | | | | |
| – CEIL | – | – | – | – | – | – | – | – | – |
| | – | – | (0.03) | – | – | – | – | (0.03) | – |
| Technical Assistance Expenses | | | | | | | | | |
| – CEIL | – | – | 0.08 | 0.04 | – | – | – | 0.08 | 0.04 |
| | – | – | (0.09) | (0.04) | – | – | – | (0.09) | (0.04) |
| Trade Mark Expenses | | | | | | | | | |
| – CEIL | – | – | 0.02 | – | – | – | – | 0.02 | – |
| | – | – | (0.01) | – | – | – | – | (0.01) | – |
| Employee Welfare Expenses | | | | | | | | | |
| – IVL | 0.36 | – | – | – | – | – | – | 0.36 | – |
| | (0.32) | – | – | – | – | – | – | (0.32) | – |
| Rights Issue of Shares | | | | | | | | | |
| – IVL | 93.74 | – | – | – | – | – | – | 93.74 | – |
| | (62.50) | – | – | – | – | – | – | (62.50) | – |
| Rental Income | | | | | | | | | |
| – CEIL | – | – | 0.04 | – | – | – | – | 0.04 | – |
| | – | – | (0.04) | – | – | – | – | (0.04) | – |
| Remuneration | | | | | | | | | |
| to Directors | – | – | – | – | 10.02 | – | – | 10.02 | 3.31 |
| (Refer note no II of Schedule 25) | – | – | – | – | (9.11) | – | – | (9.11) | (2.87) |
| to Others | – | – | – | – | 1.68 | – | – | 1.68 | – |
| | – | – | – | – | (0.74) | – | – | (0.74) | – |
| **– Total** | – | – | – | – | 11.70 | – | – | 11.70 | 3.31 |
| | – | – | – | – | (9.85) | – | – | (9.85) | (2.87) |

25. NOTES TO ACCOUNTS (Contd.)

**IV. SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of Accounting**

The consolidated accounts have been prepared under the Historical Cost Convention modified by revaluation of fixed assets in accordance with the applicable accounting standards in India, except for the foreign subsidiaries CBSEA, ESPEX and ABML whose accounts have been prepared under 'Singapore Financial Reporting Standards', 'Financial Reporting Standards for smaller entities, UK', and Sri Lanka Accounting Standards respectively, but suitably modified to conform to the uniform accounting policies, except where disclosed otherwise. For recognition of Income and expenses, Mercantile System of Accounting is followed. The accounting policies have been consistently applied by the Company.

**b. Revenue Recognition**

Revenue from sale of goods including manufactured products is recognised upon passage of title to the customers which generally coincides with delivery.

Customs Duty benefits in the form of advance license entitlements are recognised on export of goods, and are set off from material costs.

Interest
Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend
Revenue is recognized when the shareholders' right to receive payment is establishment by the balance sheet date.

**c. Fixed Assets**

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning expenses and interest etc. upto the date the asset is ready for its intended use. In case of revaluation of fixed assets, the original cost as written up by the valuer, is considered in the accounts and the differential amount is transferred to revaluation reserves.

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price of assets and their 'Value in use'. The estimated future cash flows are discounted to their present value at the weighted average cost of capital.

d. **Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long-Term investments. Current Quoted Investments are stated at lower of cost or market rate on individual investment basis. Unquoted and Long Term Investments are considered at cost, except when there is a decline, other than temporary in value thereof, in which case adequate provision is made for diminution in the value of Investments. Investments in foreign companies are carried at exchange rates prevailing on the date of their acquisition.

e. **Depreciation**

i. The classification of plant & machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

ii. a. Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for certain assets of EIL and the entire assets of foreign subsidiaries (CBSEA, ESPEX and ABML), where depreciation is provided with reference to the useful economic lives of the respective assets. Further, in respect of certain assets at EIL whose residual economic life, as determined by the approved valuer, is less than the residual life as per the books, depreciation is provided at the adjusted higher rates so that the value thereof is written off over the economic life determined by the valuer.

25 NOTES TO ACCOUNTS (Contd.)

Based upon their respective useful economic life, depreciation on the following assets is provided at a rate higher than those specified in schedule-XIV of the Companies Act 1956:

a)

| Class of assets | Useful economic Life | Rate of Depreciation |
|---|---|---|
| Air conditioners, Refrigerators, Washing Machines, Water Coolers, Televisions (included in Furniture & Fittings) | 6 | 15.83% |
| Motor Vehicles | 6 | 15.83% |
| Computer Hardware | 4 | 24.50% |
| Weighting Scales & Transformers | 15 | 6.53% |
| Pallet Trucks | 10 | 9.80% |

b) At ABML, the useful life of the assets is estimated as follows:

| | |
|---|---|
| Building | 30 years |
| Plant & machinery | 10 years |
| Motor Vehicles | 04 years |
| Furniture, Fittings, Office Equipment and Tools & Moulds | 05 years |

c) At CBSEA, the useful life of the assets is estimated as follows:

| | |
|---|---|
| Plant & Machinery | 10 years |
| Motor Vehicles | 05 years |
| Furniture, Fittings, Office Equipment | 03 to 10 years |

d) The Company has estimated the residual value of Plant & Machinery, moulds and computer to be 2% of the cost as against 5% specified in Section 205 (2)(c) of the Companies Act, 1956. Accordingly, 98% of the value of fixed assets is being depreciated in the accounts.

e) Acquired Goodwill is written off over a period of five years. However, the amount of goodwill arising on consolidation is tested for impairment at each year-end.

iii. Depreciation includes amount written off in respect of leasehold properties over the respective lease period.

iv. Depreciation on fixed assets added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/disposal.

v. In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

f. **Intangible Assets**

**Research & Development Costs**

Research Costs are expensed as incurred. Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of Development Costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

g. **Expenditure on new projects and substantial expansion**

Expenditure directly relating to construction activity are capitalised. Indirect expenditure incurred during construction period are capitalised as part of the indirect construction cost to the extent to which the expenditure are indirectly related to construction or are incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which are not related to the construction activity nor are incidental thereto, are charged to the Profit and Loss Account. Income earned during construction period, if any, is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

25. NOTES TO ACCOUNTS (Contd.)

h. **Borrowing Costs**
Borrowing Costs attributable to the acquisition and/or construction of qualifying assets are capitalized as a part of the cost of such assets, upto the date when such assets are ready for their intended use. Other borrowing costs are charged to Profit & Loss Account.

i. **Leases**

**i. Finance lease:**

a) Assets given under a finance lease are recognized as receivables at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest as per the IRR method. The principal amount received reduces the net investment in the lease and interest is recognized as revenue. Initial direct costs such as legal charges, brokerage etc are recognized immediately in the Profit & Loss Account.

b) Assets acquired under finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Leased assets capitalized are depreciated over the shorter of the estimated useful life of the asset or the lease term.

ii. **Operating leases:**

a) Assets acquired under Operating Leases represents assets where the lessor effectively retains substantially all the risks and benefits of their ownership. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

b) Assets given under operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs including depreciation are recognized as an expense in the Profit and Loss Account.

j. **Foreign Currency Transactions**

(i) **Initial Recognition**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) **Conversion**
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange Differences**
Exchange differences arising on the settlement/conversion of monetary items, are recognised as income or as expenses in the year in which they arise.

(iv) **Forward Exchange Contracts**
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) **Translation of Non-Integral Foreign Currency Operations**
The translation of the financial statements of a non-integral foreign operation results in the recognition of exchange differences arising from (a) translating income and expense items at the exchange rates at the dates of transactions and assets and liabilities at the closing rate (b) translating the opening net investment in the non-integral foreign operation at an exchange rate different from that at which it was previously valued.

All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

25 NOTES TO ACCOUNTS (Contd.)

k. **Product Related Warranty / Guarantee Claims**
Provision for product related warranty / guarantee costs is based on the claims received upto the year end as well as the management estimates of further liability to be incurred in this regard during the warranty period, computed on the basis of past trend of such claims.

l. **Trade & Other Payables**
Trade and other payables are recognized at historical costs. At CBSEA and ABML, Long Term Trade and other payables including the amounts payable to related Companies are initially recognized at fair values and subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the profit & loss account when the liabilities are derecognized as well as through the amortisation process.

m. **Earning Per Share**
Earning per share is calculated by dividing the net profit or loss for the period 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.

n. **Inventories**
i) Raw materials, components, stores and spares are valued at Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

ii) Work-in-progress and finished goods are valued at Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

o. **Excise Duty**
Excise Duty is accounted for at the point of manufacture of goods and accordingly, is considered for valuation of finished goods stock lying in the factories as on the balance sheet date.

p. **Retirement and other Employee Benefits**
i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

CBSEA participates in the national pension schemes as defined by the laws of Singapore and makes contributions to the Central Provident fund scheme in Singapore.

ii) At EIL, gratuity liability and Post employment Medical Benefit liability are defined benefit obligations and are provided for on the basis of an actuarial valuation made at the end of each financial year.

At ABML, in order to meet the Gratuity liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on the half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The gratuity liability is neither funded nor actuarially valued.

For Caldyne, CIL and Chloride Metals, Gratuity liability is accounted for on the basis of annual premium determined by the insurance company.

iii) Long term compensated absences are provided for based on an actuarial valuation made at the end of each financial year, while Short term compensated absences are provided for based on management estimates.

iv) Payments made under the Voluntary Retirement Scheme are charged to the Profit and Loss account.

v) Pension liability is split into a defined benefit portion and a defined contribution portion as indicated in note no. 'III (s)' above. The contributions towards defined contribution are charged to the Profit and Loss account of the year when the contribution becomes due. The Defined benefit portion is provided for on the basis of an actuarial valuation made at the end of each financial year.

25. NOTES TO ACCOUNTS (Contd.)

q. **Segment Reporting**
The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Company are located.

r. **Taxation**
Provision for Income-Tax comprises of current tax, deferred tax charge or release and fringe benefit tax. Current income-tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Laws as applicable. In case of foreign subsidiaries/associates the tax liability is provided as per the Income Tax Laws prevailing in the respective countries.

Deferred income taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in case of foreign subsidiaries/associates, Deferred Income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Deferred tax assets are not recognized unless there is 'virtual certainty', where that sufficient future taxable income will be available against which such deferred tax assets will be realized.

At each balance sheet date, unrecognized deferred tax assets is re-assessed and is recognised to the extent that it has become reasonable certain or virtually certain, and in case of foreign entities, if it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred Tax Assets and Liabilities across various countries of operations are not set-off against each other as EIL does not have a legal right to do so.

s. **Provision**
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting Standard - 29, and the relevant pronouncements in case of the foreign subsidiaries, are not discounted to its present value and are determined based on the management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

At CBSEA, if the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as finance costs.

t. **Contingent Liabilities**
No provision is made for liabilities, which are contingent in nature, but if material, these are disclosed by way of notes.

V. Figures in brackets relate to previous year and the same have been regrouped / rearranged where necessary.

Signatures to Schedules 1 to 25

In terms of our attached report of even date.

S. R. BATLIBOI & CO.
Firm Registration Number: 301003E
*Chartered Accountants*

Per R. K. Agrawal
a *Partner*
Membership No. 16667

Mumbai, 28 April, 2010

S. Coomer
*Secretary*

R. G. Kapadia
R. B. Raheja
T. V. Ramanathan
A. K. Mukherjee
*Directors*

# EXIDE INDUSTRIES LIMITED

*Registered Office:*
EXIDE HOUSE, 59E CHOWRINGHEE ROAD
KOLKATA 700 020

## ATTENDANCE SLIP

(To be signed and handed over at the entrance of the Meeting Hall)

I/We hereby record my presence at the 63rd Annual General Meeting at Kala Mandir, 48 Shakespeare Sarani, Kolkata - 700 017 on Wednesday, 14th day of July, 2010 at 10.30 a.m.

| | |
|---|---|
| Name(s) of the Member(s) | Number of Shares :<br>Registered Folio No :<br>DP-ID No. :<br>CL-ID No. : |

Name of Proxy (in block letters) Member's/Proxy's Signature

(To be filled in if the Proxy attends instead of the Member)

Note: The copy of the Annual Report may please be brought to the Meeting hall.

# EXIDE INDUSTRIES LIMITED

*Registered Office:*
EXIDE HOUSE, 59E CHOWRINGHEE ROAD
KOLKATA 700 020

## PROXY FORM

Registered Folio No. DP-ID No. Client ID No.

I/We .....of .....

being a member/members of the above named Company, hereby appoint .....

.....

or failing him .....

of .....

as my/our proxy to vote for me/us on my/our behalf at the 63rd Annual General Meeting of the Company to be held on Wednesday, the 14th day of July, 2010 at 10.30 a.m. at Kala Mandir, 48 Shakespeare Sarani, Kolkata - 700 017 and at any adjournment thereof.

Signed .....

Revenue Stamp Re 1.00

Date .....

*Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.*