

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

## **BOARD OF DIRECTORS**

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**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. Katakya**, *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**

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**S. Coomer**

## **AUDIT COMMITTEE**

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

## **REMUNERATION COMMITTEE**

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

## **SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE**

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

## **SHARE TRANSFER COMMITTEE**

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

## **BANKING OPERATIONS COMMITTEE**

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

## **EXECUTIVE COMMITTEE**

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

## **BANKERS**

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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**

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

## **REGISTRAR AND SHARE TRANSFER AGENT**

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

## **SOLICITORS**

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**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**

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EXIDE HOUSE  
59E, Chowringhee Road  
Kolkata 700 020

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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 Katakya, 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	<p>In addition, to the above salary, increment, commission and performance bonus, the Managing Director &amp; 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.</p> <p>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.</p> <p>The overall amount of perquisites shall not exceed an amount equal to the annual salary.</p> <p>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.</p> <p>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.</p>
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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 Katakya, 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 Katakya, 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 Katakya and Mr A K Mukherjee respectively with effect from 1st May, 2010 are set out below:

<b>Terms and Conditions of Service</b>	<b>Mr G Chatterjee Director-Industrial</b>	<b>Mr P K Katakya Director-Automotive</b>	<b>Mr A K Mukherjee Director-Finance &amp; CFO</b>
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 increased by 10% per annum provided performance criteria as laid down by Remuneration Committee of the Board of Directors, are met.	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	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

<b>Terms and Conditions of Service</b>	<b>Mr G Chatterjee Director-Industrial</b>	<b>Mr P K Katakya Director-Automotive</b>	<b>Mr A K Mukherjee Director-Finance &amp; CFO</b>
	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 be 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	<p>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.</p> <p>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.</p> <p>The overall amount of perquisites shall not exceed an amount equal to the annual salary.</p> <p>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</p>
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	<p>Provident Fund, Pension Fund and Gratuity shall not be taken into account.</p> <p>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.</p>
Minimum Remuneration	<p>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.</p>
General	<p>In addition, the contract of appointment shall set out the usual rights and obligations of the parties.</p>
Termination	<p>The appointment is terminable by either party by giving three months prior notice to the other.</p>

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 Katakya 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	<p><b><u>Directorships:</u></b></p> <ol style="list-style-type: none"> <li>Asianet Satellite Communications Ltd.</li> <li>ElH Associated Hotels Limited</li> <li>FIL Trustee Company Pvt. Ltd.</li> <li>Goldiam International Ltd.</li> <li>Goldiam Jewellery Ltd.</li> <li>ING VYSYA Life Insurance Co. Ltd.</li> <li>Nilkamal Ltd.</li> <li>Prism Cement Ltd.</li> <li>Raheja QBE General Insurance Co. Ltd.</li> <li>Surin Investments Pvt. Ltd.</li> </ol> <p><b><u>Committee Memberships</u></b></p> <p>Chairman of Audit Committee:</p> <ol style="list-style-type: none"> <li>Goldiam International Ltd.</li> <li>Prism Cement Ltd.</li> <li>Raheja QBE General Insurance Co. Ltd.</li> <li>ING VYSYA Life Insurance Ltd.</li> </ol> <p><b><u>Member of the Audit Committee</u></b></p> <ol style="list-style-type: none"> <li>Asianet Satellite Communications Ltd.</li> <li>ElH Associated Hotels Ltd.</li> <li>FIL Trustee Company Pvt. Ltd.</li> </ol> <p><b><u>Member of Shareholders'/Investors' Grievance Committee</u></b></p> <ol style="list-style-type: none"> <li>Prism Cement Ltd.</li> </ol>
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	<p><b><u>Directorships:</u></b></p> <ol style="list-style-type: none"> <li>Prism Cement Limited</li> <li>Supreme Petrochem Limited</li> <li>ING VYSYA Life Insurance Company Ltd.</li> </ol> <p><b><u>Member of Shareholders'/Investors' Grievance Committee</u></b></p> <ol style="list-style-type: none"> <li>Supreme Petrochem Limited</li> </ol>
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 Merrill Lynch Limited, since its incorporation in India, as its Chairman. He is presently the Chairman of DSP Black Rock Investment Managers Pvt. Ltd.	214491	<p><b><u>Directorships:</u></b></p> <ol style="list-style-type: none"> <li>Alkyl Amines Chemicals Ltd.</li> <li>Kirloskar Engines India Ltd.</li> <li>Food World Super Markets Ltd.</li> <li>Health &amp; Glow Retailing Ltd.</li> <li>DSP Black Rock Investment Managers Pvt. Ltd.</li> <li>Shuko Real Estate Pvt. Ltd.</li> </ol>

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. 8. Arko Enterprises Pvt. Ltd. 9. Bestow Contractors and Developers Pvt. Ltd. 10. DSP HMK Holdings Pvt. Ltd. 11. DSP Investment Pvt. Ltd. 12. DSP Adiko Holdings Pvt. Ltd. 13. Hemko Patents Developments Pvt. Ltd. 14. MVL Reality Pvt. Ltd. <u>Committee Memberships</u> 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	<u>Directorships:</u> 1. Chloride International Limited 2. Chloride Metals Limited 3. Leadage Alloys India Limited <u>Committee Memberships</u> 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	<u>Directorships:</u> 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 in spite 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. In spite 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 appropriations 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 Ancillary 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, Caldine 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.

Caldine 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 uncertainties. 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 :

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

#### Chinchwad Plant

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

#### Bawal Plant

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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

- 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.
- 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.
- 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.
- Conversion of Tube light fitting (2\*40W to 2\*28W) resulting in savings of 0.45 Lac Units / Rs.2.15 Lacs per annum.
- 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**

- 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 inroads 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.

- 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