

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

Place: Mumbai

Date : 28 April, 2010 Membership No. 16667

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH 2010

SOURCES OF FUNDS	SCHEDULE	31.3.2010		31.3.2009	
		Rs. in crores	Rs. in crores	Rs. in crores	Rs. in crores
Shareholders' Funds					
Share Capital	1	85.00		80.00	
Reserves & Surplus	2	<u>1,831.50</u>	1,916.50	<u>912.89</u>	992.89
Loan Funds	3				
Secured		81.60		220.77	
Unsecured		<u>92.53</u>		<u>140.27</u>	
			174.13		361.04
Minority Interest	4		36.62		17.83
Deferred Tax Liability (net)	5		<u>60.62</u>		<u>43.49</u>
			<u>2,187.87</u>		<u>1,415.25</u>
APPLICATION OF FUNDS					
Fixed Assets	6				
Gross Block		1,487.31		1,391.78	
Less: Accumulated Depreciation / Amortisation		<u>693.52</u>		<u>618.14</u>	
Net Block		793.79		773.64	
Add: Capital Work-in-Progress including Capital Advances		<u>42.93</u>		<u>19.77</u>	
			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	<u>85.62</u>		<u>47.05</u>	
		<u>1,210.67</u>		<u>875.99</u>	
Less:					
Current Liabilities & Provisions					
Current Liabilities	12	624.68		418.26	
Provisions	13	<u>111.93</u>		<u>112.13</u>	
		<u>736.61</u>		<u>530.39</u>	
Net Current Assets			474.06		345.60
			<u>2,187.87</u>		<u>1,415.25</u>
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		2008-2009	
		Rs. in crores	Rs. in crores	Rs. in crores	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		<u>441.87</u>		<u>393.93</u>	
Net Sales			3,978.86		3,404.87
Other Income	15		8.18		5.87
			<u>3,987.04</u>		<u>3,410.74</u>
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
			<u>3,105.31</u>		<u>2,958.46</u>
PROFIT BEFORE TAX			881.73		452.28
Taxation (net)	22		<u>300.85</u>		<u>157.89</u>
PROFIT AFTER TAX			580.88		294.39
Less: Share of Loss of Associate Companies			68.38		99.59
Less: Minority Interest			<u>18.98</u>		<u>3.31</u>
NET PROFIT			493.52		191.49
Balance brought forward			<u>28.85</u>		<u>79.96</u>
PROFIT AVAILABLE FOR APPROPRIATION			<u>522.37</u>		<u>271.45</u>
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			<u>168.13</u>		<u>28.85</u>
			<u>522.37</u>		<u>271.45</u>
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		2008-2009	
	Rs. in crores	Rs. in crores	Rs. in crores	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

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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.			
2. RESERVES & SURPLUS			
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	9.59		–
(Refer Note no III 'o' on Schedule 25)			
		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 : A risen 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		31.3.2009	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	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
		<u>174.13</u>		<u>361.04</u>

* Includes repayable within one year
Rs. 26.33 crs (Rs. 53.11 crs)

Securities

- Secured by hypothecation of Plant and Machinery, Moulds and other movable assets of EIL located at its Hosur factory.
- Secured by hypothecation of battery breaking machine of Chloride Metals Limited
- Secured by vehicle / equipment purchased under the facility.
- 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

Balance of equity as on the acquisition date
Add: On acquisition of Leadage Alloys India Limited
Add: Movement in equity from acquisition date to 31.03.2010

Rs. in Crores	Rs. in Crores
11.61	4.26
—	7.00
25.01	6.57
<u>36.62</u>	<u>17.83</u>

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
Add / (Less): Deferred Tax Liability / (Asset) for the year
(Refer note no III 'm' on Schedule 25)

43.49	49.60
17.13	(6.11)
<u>60.62</u>	<u>43.49</u>

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	45.25	—	1.91	0.08	47.08	—	—	—	—	—	47.08	45.25
Freehold	20.16	—	—	—	20.16	2.42	—	0.25	—	2.67	17.49	17.74
Leasehold	227.05	—	9.57	1.76	234.86 (c)	53.19	—	10.37 (d)	1.05	62.51	172.35	173.86
Buildings	908.98	—	82.76	9.93	981.81	469.31	—	67.84	9.26	527.89	453.92	439.67
Plant & Machinery	99.72	—	14.68	3.72	110.68	61.77	—	7.45	3.56	65.66	45.02	37.85
Moulds	16.24	—	1.25	0.58	16.91	10.99	—	1.13	0.40	11.72	5.19	5.25
Furniture & Fittings	5.99	—	0.82	0.13	6.68	3.28	—	0.64	0.23	3.69	2.99	2.71
Motor Vehicles	20.54	—	1.15	0.41	21.28	13.83	—	2.59	0.39	16.03	5.25	6.71
Computers	1,391.78	—	112.14	16.61	1,487.31	618.14	—	90.27	14.89	693.52	793.79	773.64
Total	1,177.88	47.65	196.80	30.55	1,391.78	566.17	1.58	75.78	25.39	618.14		
Previous year's Total											42.93	19.77
Capital Work-in-progress (g)											836.72	793.41

- Includes Trade Marks, Patents and other intangibles.
- 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. Includes 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 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. Includes assets in transit

7. INVESTMENTS

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			<u>381.46</u>	<u>313.07</u>	
			244.27	218.92	
CEIL Motive Power Pty Ltd., Australia	- (26)		-	- #	
Others :					
Arkay Energy (Rameswaram) 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	
			<u>876.79</u>	<u>275.93</u>	
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 allotted 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		31.3.2009	
	Rs. in Crores	Rs. in Crores	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	<u>22.52</u>		<u>20.34</u>	
		197.57		161.75
Trading Goods		25.60		29.41
Assets held for Sale		<u>—</u>		<u>0.05</u>
		<u>796.86</u>		<u>524.24</u>
@ 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		<u>290.53</u>		<u>252.72</u>
		<u>298.05</u>		<u>265.74</u>
* Net of doubtful debts fully provided for		3.23		6.96
10. CASH AND BANK BALANCES				
Cash and Cheques in hand		12.91		21.74
(including Remittances in transit)				
Balances with banks on:				
Current Account	10.50		14.21	
Fixed Deposit Account	4.67		1.32	
Unpaid Dividend Account	<u>2.06</u>		<u>1.69</u>	
		17.23		17.22
		<u>30.14</u>		<u>38.96</u>
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		<u>11.90</u>		<u>10.71</u>
* Net of Provision for Doubtful Loans & Advances Rs. 1.08 crs. (Rs. 2.58 crs)		<u>85.62 *</u>		<u>47.05</u>
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 'I' on Schedule 25)		2.06		1.73
Interest accrued but not due on Loans		<u>0.44</u>		<u>3.32</u>
		<u>624.68</u>		<u>418.26</u>
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		<u>6.17</u>		<u>2.69</u>
		<u>111.93</u>		<u>112.13</u>

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
		<u>4,824.44 *</u>		<u>4,344.01</u>
* 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
		<u>8.18</u>		<u>5.87</u>
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
		<u>(81.44)</u>		<u>11.53</u>
* 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	
	<u>2,501.79</u>		<u>2,183.11</u>	
Less: Closing Stock	369.05	2,132.74	178.83	2,004.28
(Refer Note no III 'j' on Schedule 25)				
		<u>2,132.74</u>		<u>2,004.28</u>
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
		<u>261.24</u>		<u>201.08</u>

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	<u>2.85</u>	37.71	<u>3.31</u>	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	<u>(5.05)</u>	5.09	<u>(0.04)</u>	5.17
Loans and Advances written off	2.89	—		
Less: Adjusted against provision	<u>(2.54)</u>	0.35	—	—
Loss on Disposal of Long term Trade Investment	1.01	—		
Less: Adjusted against provision	<u>(1.01)</u>	—	—	—
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
		<u>556.76</u>		<u>471.59</u>
20. INTEREST AND FINANCE COST				
Interest on:				
Term Loans		5.10		14.86
Working Capital Borrowings		<u>11.56*</u>		<u>44.82</u>
		16.66		59.68
Fund Mobilisation Costs		<u>0.12</u>		<u>0.11</u>
		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
		<u>16.10</u>		<u>58.74</u>
* 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		<u>2.74</u>		<u>3.81</u>
		<u>87.53</u>		<u>71.97</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT 31ST MARCH 2010

	2009-2010 Rs. in Crores	2008-2009 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
	<u>300.85</u>	<u>157.89</u>
* 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
	<u>66.44</u>	<u>58.16</u>
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
	<u>25.76</u>	<u>23.45</u>
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
	<u>10.02</u>	<u>9.11</u>

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	<u>0.88</u>	<u>0.89</u>
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 (420.10)	450,592.26 (420.10)
HDFC Mutual Fund	50,002,584.50 (9,989,321.78)	50,002,584.50 (9,989,321.78)
ING Vysya Mutual Fund	210,088,401.17 (50,606,168.66)	210,088,401.17 (50,606,168.66)
IDFC Mutual Fund	14,030,895.74 (-)	14,030,895.74 (-)
ICICI Prudential Mutual Fund	2,846,775.33 (-)	2,846,775.33 (-)
Kotak Mutual Fund	9,994,859.04 (-)	9,994,859.04 (-)
Can Rebeco Mutual Fund	4,060,529.66 (-)	4,060,529.66 (-)
Tata Mutual Fund	34,971,817.45 (5,004,440.73)	34,971,817.45 (5,004,440.73)
Bharti Axa Mutual Fund	50,039.49 (-)	50,039.49 (-)
SBI Mutual Fund	5,001,846.16 (-)	5,001,846.16 (-)
Birla Mutual Fund	25,068,502.31 (-)	25,068,502.31 (-)
DSP Mutual Fund	49,994.28 (50,151.95)	49,994.28 (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	GRATUITY	PENSION	PRMB
	Plan (Benefit)			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%	–
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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 assets	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)
CEIL Motive Power Pty Limited, Australia (CMP) - Upto
24th August, 2009
2. Enterprise / Individuals having – Chloride Eastern Limited, UK. (CEL)
a direct or indirect control over – Chloride Eastern Industries Pte Limited, Singapore (CEIL)
the Company – LIEC Holdings SA, Switzerland
Mr. S B Raheja
Brown & Company PLC
3. Key Management Personnel – Mr. T V Ramanathan,
Mr. G Chatterjee, Mr. P K Katakya, 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/ – Global Lead Alloys,
in which Directors/ – Klevenberg (Pvt) limited
Key Management Personnel – Browns Group Industries Limited
have signinfacant influence with SM Vaieram
whom transactions have happened
during the year.

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	–	–	–	–	–	–	–	–	–
– Global Lead Alloys	–	–	(14.49)	(2.07)	–	–	–	(14.49)	(2.07)
– Brown & company PLC	–	–	–	–	–	1.31	0.01	1.31	0.01
– Browns Group Industries Limited	–	–	0.61	0.80	–	(2.55)	(0.02)	(2.55)	(0.02)
	–	–	(0.77)	(1.02)	–	–	–	0.61	0.80
	–	–	–	–	–	–	–	(0.77)	(1.02)
	–	–	–	–	–	3.34	0.43	3.34	0.43
	–	–	–	–	–	(3.00)	(0.32)	(3.00)	(0.32)
Sale of goods									
– CMP	–	–	–	–	–	–	–	–	–
– Brown & company PLC	(7.61)	(0.29)	–	–	–	–	–	(7.61)	(0.29)
– Klevenberg (Pvt) Limited	–	–	57.70	10.63	–	–	–	57.70	10.63
	–	–	(41.09)	(8.04)	–	–	–	(41.09)	(8.04)
	–	–	–	–	–	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 Vaieram	–	–	–	–	–	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 (Refer note no II of Schedule 25) to Others									
– Total	–	–	–	–	10.02	–	–	10.02	3.31
	–	–	–	–	(9.11)	–	–	(9.11)	(2.87)
	–	–	–	–	1.68	–	–	1.68	–
	–	–	–	–	(0.74)	–	–	(0.74)	–
	–	–	–	–	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 :
	Registered Folio No :
	DP-ID No. :
	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/Weof

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.