



EXIDE INDUSTRIES LIMITED

BOARD OF DIRECTORS

S. B. Ganguly, Executive Chairman & Chief Executive Officer
R. B. Raheja, Vice Chairman & Non-Executive Director
T. V. Ramanathan, Managing Director & Chief Operating Officer
G. Chatterjee, Director (Industrial)
S. K. Mittal, Director (R&D)
P. K. Katakya, Director (Automotive)
R. G. Kapadia, 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
S. B. Raheja (Alternate D. S. Parekh), Non-Executive Director
W. Wong, Non-Executive Director
Vijay Aggarwal, Non-Executive Director

SECRETARY

Barun Das

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Bhaskar Mitter
R. G. Kapadia
S. N. Mookherjee
S. B. Ganguly
Vijay Aggarwal

EXECUTIVE COMMITTEE

S. B. Ganguly
T. V. Ramanathan
G. Chatterjee
S. K. Mittal
P. K. Katakya
Barun Das
Monodip Chaudhuri
R. P. Ray
R. Chakraborty

SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

Bhaskar Mitter
T. V. Ramanathan
G. Chatterjee

BANKERS

State Bank of India
Standard Chartered Bank
Citibank N.A.
The HongKong and Shanghai
Banking Corporation Limited
BNP Paribas
HDFC Bank Ltd.
Deutsche Bank AG
ICICI Bank Limited
ABN AMRO Bank N.V.

AUDITORS

S.R. Batliboi & Co.
Chartered Accountants
22, Camac Street, Block 'C', 3rd Floor
Kolkata 700 017

REGISTRARS AND SHARE TRANSFER AGENTS

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

SOLICITORS

A.H. Parpia & Co.
Advocates & Solicitors
Lentin Chambers, Dalal Street
Fort, Mumbai 400 001

H. K. Mitter
Solicitors & Advocates
9, Old Post Office Street
First Floor, Kolkata 700 001

Amarchand & Mangaldas
& Suresh A Shroff & Co.
Advocates & Solicitors
Ananda Lok, 227 AJC Bose Road
Lower Circular Road
Kolkata 700 020

REGISTERED OFFICE

EXIDE HOUSE, 59E, Chowringhee Road
Kolkata 700 020

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the fifty ninth Annual General Meeting of the Company will be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Friday, the 21st day of July, 2006 at 10.30 a.m. to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31 March, 2006, and the Balance Sheet as at that date together with the report of the Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr S N Mookherjee who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr Bhaskar Mitter who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr Vijay Aggarwal who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :
 “RESOLVED that the Auditors, Messrs S.R.Batlboi & Co., Chartered Accountants, who retire after conclusion of this meeting, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at a fee to be determined by the Board of Directors plus reimbursement of out-of-pocket expenses.”

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :-
 “RESOLVED THAT in accordance with the provisions of Section 13,16 and 94 and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or re-enactment thereof and the enabling provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the existing Equity Shares of

the face value of Rs 10/- (Rupees Ten) each in the Share Capital of the Company be sub-divided such that each Equity Share of the face value of Rs 10/- (Rupees Ten) is sub-divided into 10 (Ten) Equity Shares of the face value of Re 1/- (Rupee One) each and consequently, the Authorised Share Capital of the Company of Rs 100,00,00,000/- (Rupees One Hundred Crores) be divided into 100,00,00,000 (One Hundred Crores) Equity Shares of the face value of Re 1/- (Rupee One) each, with effect from the ‘Record Date’ to be determined by the Board of Directors of the Company (‘the Board’) for the purpose.”

“FURTHER RESOLVED THAT pursuant to the sub-division of the Equity Shares of the Company, the Issued, Subscribed and Paid-up Equity Shares of the face value of Rs 10/- (Rupees Ten) each, as existing on the Record Date, shall stand sub-divided into Equity Shares of the face value of Re 1/- (Rupee One) each fully paid-up, with effect from the Record Date.”

“FURTHER RESOLVED THAT the issued Equity Shares of the Company as are held by Members in certificate form be cancelled and in lieu thereof fresh share certificates be issued for the sub-divided Equity Shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, and where Members hold Equity Shares (or opt to receive the sub-divided Equity Shares) in dematerialised form, the sub-divided Equity Shares in lieu thereof be credited to the respective beneficiary accounts of the Members with their respective Depository Participant.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts/deeds, matters and things and give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

“FURTHER RESOLVED THAT consequent upon sub-division of Equity Shares into face value of Re 1/- each the existing Clause 5 of the Memorandum of Association of the Company,



relating to share capital, be and is hereby altered by deleting the same and substituting in its place and stead, the following as new Clause 5 :

5. The Authorised capital of the Company is Rs 100,00,00,000/- (Rupees One Hundred Crores) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Re 1/- each. The Company shall have the power to increase or reduce the Share Capital from time to time as it may think proper, and the shares forming the capital - original, increased or reduced - may be divided into such classes, and may be issued with any preferential, deferred, qualified or special rights, privileges and conditions, or with such qualifications as regards preference, dividend, return of capital, voting or other special rights, and be held on such terms as may be attached thereto, or as may be provided by the Company's Articles of Association for the time being, but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise

than pursuant to provisions of the Company's Articles of Association for the time being.

8. To consider and, if thought fit, to pass the following resolution as a Special Resolution :-

“RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification and re-enactment thereof, for the time being in force), the Articles of Association of the Company be amended by the deletion of the existing Article 3 and the substitution therefore the following, with effect from the Record Date to be determined by the Board of Directors of the Company for the purpose of sub-division of Equity Shares -

‘3. The Share Capital of the Company is Rs 100,00,00,000/- divided into 100,00,00,000 Equity Shares of Re 1/- each.’

Registered Office:	By Order of the Board
Exide House	
59E Chowringhee Road	Barun Das
Kolkata 700 020	Divisional Head-Legal &
Dated: 16 June, 2006	Company Secretary

NOTES

- a. The Register of Members and Transfer Books of the Company will remain closed from 14th July, 2006 to 21st July, 2006 both days inclusive. Dividend if any, that may be declared at the Meeting, will be payable to those members whose names appear in the Company's Register of Members on 21st July, 2006 or to their mandates.
- b. 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 the aforesaid meeting.
- c. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is annexed.
- d. Members are requested to immediately notify any change in their address to the Registrar and Share Transfer Agents, C B Management Services (P) Limited, P-22, Bondel Road, Kolkata - 700 019.
- e. Any money transferred to the unpaid dividend account of the Company in pursuance of Section

205A of the Companies Act, 1956, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the Investor Education & Protection Fund established under Sub-Section (1) of Section 205C of the Companies Act, 1956.

- f. Dividend for the financial year ended 31st March, 1999, which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government in August, 2006. Members who have not encashed their dividend warrant(s) for the financial year ended 31.12.1999 and onwards, are requested to claim the amount forthwith from the Company.
- g. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
- h. Members holding shares in physical form are requested to notify/send the following to the Company or its Registrars to facilitate better service :-
- Any change in their address/bank details;
 - 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.
- i. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective depositories, viz., NSDL and CDSL, will be printed on the dividend warrants.

Disclosure pursuant to clause 49 of Listing Agreement with regard to the Directors seeking reappointment at the forthcoming Annual General meeting (Refer Item Nos.3 to 5 of the Notice)

Name of the Director	Brief resume and nature of expertise in functional area	Listing of Other Directorships/Committee memberships*
Mr S N Mookherjee	He is 45 years of age. He is a Senior Advocate and has a wide range of experience in legal and company matters.	He is not a director in any other company.
Mr Bhaskar Mitter	He is 85 years of age. He has a wide range of experience in company matters.	Directorships Eveready Industries India Limited Gloster Jute Mills Ltd. Graphite India Limited Oriental Carbon & Chemicals Ltd. Upper Ganges Sugar & Industries Limited Committee Membership Chairman – Remuneration Committee & Shareholders' / Investors' Grievances Committee of Eveready Industries India Limited Member – Audit Committee of Eveready Industries India Limited Member – Audit Committee & Investor Grievances Committee of Graphite India Limited Member – Remuneration Committee of Oriental Carbon & Chemicals Limited Member – Remuneration Committee & Shareholders Investors Grievances Committee of Upper Ganges Sugar & Industries Limited
Mr Vijay Aggarwal	He is 37 years of age. He has a wide range of experience in overall business management.	Directorships Asianet Satellite Communications Limited Prism Cement Limited H&R Johnson (India) Ltd. Aptech Limited Committee Memberships Chairman – Allotment Committee and Borrowing Committee of H & R Johnson (I) Limited Member – Audit Committee of H & R Johnson (I) Ltd. Chairman – Remuneration Committee of Asianet Satellite Communications Ltd. Member – Audit Committee of Asianet Satellite Communication Ltd. Chairman – Remuneration Committee and Compensation Committee of Aptech Limited Member – Audit Committee of Aptech Limited

* Other Directorships exclude Directorships in private companies and companies under section 25 of the Companies Act, 1956.

Explanatory Statement [Pursuant to Section 173(2) of the Companies Act, 1956] annexed to the Notice convening the 59th Annual General Meeting to be held on Friday, 21st July, 2006.

Item No. 7

The existing Authorised Share Capital of the Company is Rs 100,00,00,000/- (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) Equity Shares of the face value of Rs 10/- each. The present Issued, Subscribed and Paid-up Share Capital of the Company is Rs 75,00,00,000/- divided into 7,50,00,000 Equity Shares of the face value of Rs 10/- each.

It is proposed to re-organise the entire Authorised Share Capital as well as the Issued, Subscribed and Paid-up Share Capital of the Company by subdividing the existing Equity Shares of the face value of Rs 10/- (Rupees Ten) each into Equity Shares of the face value of Re 1/- (Rupee One) each.

Accordingly, the Authorised Share Capital of the Company of Rs 100,00,00,000/- will be sub-divided into 100,00,00,000 Equity Shares of Re 1/- each. The Issued, Subscribed and Paid-up Share Capital, as existing on the Record Date for the purpose of sub-division of Equity Shares, will also be sub-divided into Equity Shares of the face value of Re 1/- each fully paid-up, with effect from the Record Date.

The proposed sub-division of the Equity Shares into shares of smaller denomination as aforesaid would facilitate easy accessibility to the Company's Equity Shares by small investors and enhance the liquidity of shares on the Stock Exchanges.

Consequent upon sub-division of Equity Shares, Clause 5 of the Memorandum of Association is proposed to be amended as set out in the Resolution at Item No 7 of the accompanying Notice.

The consent of the members is being obtained in accordance with the provisions of Sections 13, 16 and 94 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association of the Company showing proposed

alteration is available for inspection at the Registered Office of the Company during business hours on all working days, except Saturday, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

The Board of Directors recommends the passing of the Ordinary Resolution at Item No. 7 of the accompanying Notice.

None of the Directors of the Company may be considered to be concerned or interested in the said Resolution except to the extent of Equity Shares, if any, held by them together with their respective relatives in the Company.

Item No. 8

The alteration to Clause 3 of the Articles of Association of the Company is purely consequential to the alteration of Capital Clause 5 of the Memorandum of Association of the Company.

The Directors recommend this Special Resolution at Item No. 8 for approval of the shareholders.

None of the Directors of the Company is, in any way, concerned or interested in this Special Resolution.

A copy of the Memorandum and Articles of Association of the Company showing proposed alteration is available for inspection at the Registered Office of the Company during business hours on all working days, except Saturday, between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.

Registered Office:
Exide House
59E Chowringhee Road
Kolkata 700 020
Dated: 16 June, 2006

By Order of the Board
Barun Das
Divisional Head-Legal &
Company Secretary



DIRECTORS' REPORT TO THE SHAREHOLDERS

Ladies and Gentlemen :

It gives us immense pleasure to present the 59th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2006.

Economic Environment

India has been the flavour of the year for international investors. The second highest growth of GDP for two years running has seen most economic indicators showing an upward trend. Unprecedented foreign exchange inflows resulting in the country crossing the US\$150 billion reserves milestone, along with low inflation, has added to buoyancy of the capital markets.

In the light of the above, the Central Budget brought about a further reduction in customs duty without any changes in the direct tax levy. The simplification of the fringe benefit tax, along with a host of measures to kick-start the rural economy, have been welcomed by a broad plank of Industry. The focus on infrastructure through programmes such as Bharat Nirman and the National Urban Renewal mission, would help to ensure that both investment and outcomes in this sector, will prove beneficial for the economy.

Performance

The year under review helped the company to maintain its leadership position in both India and South Asia, as the largest power solutions company. In a year of rising expectations, your company performed extremely well with gross sales rising to Rs 17610.8 million for the first time once again.

In the original equipment segment of the automotive sector, vehicle production grew in almost all segments, including the tractor market. The production of automotive batteries for four wheelers increased from 4.27 million units to 4.61 million units, whereas, production of two wheeler batteries, rose from 4.83 million units to 5.76 million units. The production of batteries for industrial applications touched 800 million amp hours as compared to 700 amp hours in the earlier year. Your company continued to dominate

the car market with an 80% share and an overall market share of 78%. The significant feature for the current year is the announcement of differential excise duty by the Finance Minister, which would help India emerge as a hub for small cars.

Your company has, in the meanwhile, obtained the full business from Toyota, including their new Innova as well as Corolla model. Maruti has placed its custom with your company for their Swift diesel model and the model 'L', which is expected to replace the Esteem. Negotiations are on with Tata Motors, for a battery for their ACE vehicle. Batteries are under development for Tata Motors world truck models, as well as the Volvo truck. The Mahindra Renault collaboration, which would produce the Logan in India, has also nominated your company for their battery. Hyundai Motor's new car is also expected to have Exide batteries powering it.

The retail segment revealed another year of high growth for both Exide and Standard Furukawa brands. This was a creditable performance in view of a highly competitive scenario, arising out of both imports and domestic manufacturers, who have been selling their products at prices well below those of your company. A major part of this success is on account of your company's stated strategy of having products positioned at each segment of the market in order to present the buyer with multiple choices, all from the company's production lines.

Replacement sales in the tractor battery after market, under Project Kissan, covered more than 25,000 villages in over 250 districts. Your company has identified this segment along with the commercial vehicle markets, as the engines of future growth. Steady progress continued to be made in both these segments. Sale of two wheeler batteries continued its eleventh successive year of growth. In the original equipment segment, your company introduced a maintenance-free battery entitled Zero-M at the end of 2005, which has evoked an encouraging market response. Your company proposes to continue its expansion of two wheeler battery

manufacturing capacity, in order to cater to the continuing increase in the population of two wheelers in the country. The steep rise in the price of lead has, however, affected export of automotive batteries, which would otherwise have been higher than the level recorded in the year under review.

Sale of batteries for industrial applications experienced high growth during the past year. The company was able to increase its market share by cannibalizing competition and fighting imports. In the infrastructural sector, the telecom scenario was buoyant with a growth of almost 50%.

Railway business, while presenting a smaller increase, did have a redeeming feature with a price increase being made available, for your company's products. The power sector is set to boom and recorded a 27% growth in the year under review, which is likely to continue in the current year. Export of traction batteries registered a major growth, with supplies to Australia, UK, South Korea and the European markets. South Africa is a market which your company is seeking to explore in greater depth. Your company has once again won the award for Export Excellence from the EEPC.

The submarine division started the year without any orders from the Indian Navy. However, subsequent orders materialized which were supplied within the last month of the financial year and orders for further batteries have since been received, to be supplied in the current year.

While the duty on lead imports have been retained at 5%, the duty on finished batteries have been reduced to 10%. Even though this by itself is not a cause for concern, the free trade agreements signed with Thailand and the upcoming one with Asean countries, do raise the spectre of a flood of imports. This is particularly so, as import duty on lead in Thailand and a few Asean countries, is lower than that in India. However, it is heartening to note that your company has now learnt to live with high lead prices. Cost reduction measures such as improving efficiencies at the plant level, redesigning existing products with a view to

reducing lead content and other such measures have contributed their might to keeping costs within a narrow band, which fluctuates with the international price of lead. All this has been enhanced by more efficient working capital management, as the financial results below clearly delineate:

Financial Results

	(In Rs Million)	
	2005-2006	2004-2005
Profit before depreciation & taxation	2065.3	1683.9
Depreciation/Amortisation	548.0	538.6
Profit before tax	1517.3	1145.3
Taxation	510.0	372.5
Profit after tax	1007.3	772.8
Balance brought forward	15.1	1014.8
Making a total of	1022.4	1787.6
Out of this, appropriations are:		
Debenture Redemption Reserve	-	(125.0)
General Reserves	470.0	1682.9
Tax on dividend for prior year	-	0.7
Leaving a balance of	552.4	229.0
The Directors now recommend payment of dividend at 30% (25%) on Equity shares absorbing	225.0	187.5
And tax thereon	31.6	26.3
And leaving a balance of (which is carried forward to next year)	295.8	15.2

New Products

During the year under review, your company reinforced its technology leadership in the Indian market with the introduction of a select range of ultrasonically sealed zero-maintenance batteries. Hitherto, completely sealed batteries have been considered to be a risk proposition in India, primarily on account of higher ambient temperatures and a relatively low quality of charging systems. R&D has introduced significant innovations in lead calcium technology, which have seen the manufacture of these batteries, which are currently undergoing field trials.



A newly developed maintenance free type motor cycle battery, has also been developed with supplies expected to commence in the current month.

In view of competitive pressure in Maruti's low end vehicles, a low cost product has been developed with added features and enhanced warranty period. An international patent has been granted to your company in March 2006 for the vented type leak resistant motor cycle battery.

Technical assistance agreements with both Shin-Kobe and Furukawa, have been extended for a further period of five years. These agreements not only incorporate provisions relating to process innovations and further quality upgradation, but also seek to ensure reduction on warranty costs and critical technical support for new designs that your company's R&D Centre introduces from time to time.

A power pack for the REVA Electric car is now in regular production at Haldia. Low maintenance batteries for diesel loco applications in Railways, have also been approved.

Human Resources

In a competitive world, your company's policy of a thrust on quality as a priority and TQM is what distinguishes it from competition. Your company has migrated to TS 16949:2002 standard with RWTUV awarding this certification – the latest in quality management systems for the automotive industry worldwide, for the Bawal, Hosur, Chinchwad and Taloja plants, which cover the related activities at R&D, Head Office, marketing services etc. Haldia and Shamnagar plants are also expected to be certified by June 2006.

Proof that this thrust on quality has paid dividends is available in the awards won by Haldia and Shamnagar with the CII Quality Award, the CII Alloy Steel Plant trophy for Quality, CII's Productivity Award as well as the Environment Excellence Award from ICC and West Bengal

Pollution Control Board. For the first time, your company has received a Quality Award from Maruti for supplies made in the earlier year.

The Batmobile service of your company has crossed yet another milestone with over 400,000 calls having been attended at an average response time of 28 minutes across 24 major cities in India. Your company continues to believe that this link with the end consumer will ensure that your company's products remain the preferred choice. For the first time, a CRM project has been implemented where dealers are being trained in order to feed in customer data and track their supply positions, along with stocks held. It is expected that when a larger cross section of dealers start using the system, it would significantly enhance your company's demand projection planning process for the retail segment of automotive batteries.

In a competitive scenario, all organisations are under intense pressure to reduce costs, expand into new territories and innovate new products. Supply chain is one of the areas of focus in an effort to ensure that the delivery mechanism for inflow of materials as well as their outflow, becomes a seamless and efficient process. Your company has adopted the supply-chain management concept in order to ensure that processes become far more efficient as marketing becomes more and more complex.

Your Directors wish to place on record the appreciation of the contribution by all employees of the Company in ensuring high levels of performance and efficiency, which has helped your Company to scale higher pinnacles of success. The Company also desires to place on record, its appreciation of the support and co-operation of the distributors, C&F agents, dealers, bankers and all others associated as partners in progress.

Finance

As interest rates hardened, your company continued to focus on more efficient working capital management, in order to ensure that



borrowings remained within a defined limit. It is a tribute to the efficiency in this segment that the overall borrowings of your company have remained within the parameters of the earlier year, despite the turnover having increased significantly.

External Commercial borrowings of Japanese Yen, equivalent to US\$ 20 million, were availed of by the company during the year under review.

During the year under review, your company invested an amount of Rs 2569.87 million acquiring a 50% share of ING Vysya Life Insurance Co. Pvt. Ltd. Your Directors believe that India is largely an under insured market and this industry has the potential to grow manifold. It is believed that this would be in the long term interest of maximizing shareholder value.

The Haldia Integrated Development Agency had introduced a scheme under which all large units in Haldia would subscribe to a special purpose vehicle – HIDAL which would undertake building of infrastructural facilities. Your company has subscribed a small amount in order to ensure that it can participate in all such infrastructural facilities, as may be developed, from time to time.

Your company received a proposal for supply of gas from a company – ARKAY Energy (Rameswaram) who are setting up a power generating station at Ramanathapuram District, Tamil Nadu. The company has been financed by IDFC, UTI Bank and Union Bank, with several companies having entered into power supply agreements. Your company has also entered into a similar agreement and contributed to its share capital, which is a pre-requisite for obtaining such supplies. It is expected that this will reduce your company's dependence on Tamilnadu Electricity Board, as well as help lower energy costs.

Corporate Governance

Transparency has been a watchword with your company and as on date, all requirements of corporate governance are adhered to by your company, both in letter and spirit. As you are

aware, your company has a model code for Insider Trading which was introduced in the year 2004. In addition, your company continues to maintain a strong internal control system backed up by dedicated internal audit teams, which work on a regional basis.

The Audit Committee of the Board meets at regular intervals as required in terms of Clause 49 of the Listing Agreement. Furthermore, the provisions of this Clause in regard to Corporate Governance, as revised by SEBI, became operational from 31st December, 2005. Your company's Board of Directors have taken all necessary steps to ensure compliance with the revised requirements. A Code of Conduct, as applicable to Directors and Senior Management personnel, has also been put in place, as required.

Your company's directors are taking necessary steps for obtaining Director Identification Number [DIN].

Auditors' Report

Observations made in the Auditors' Report read with the notes to accounts are self explanatory and do not require any further clarification.

The Auditors' Certificate on compliance with Corporate Governance requirements is also enclosed.

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, 2006, are attached hereto.
- b. Particulars of Employees
In accordance with the provisions of Section 217 of the Companies Act, 1956 and the rules framed there under, 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 the 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 this report.

Subsidiary Company

During the year under review, your Company's 100% subsidiary, Chloride International Limited continued its operations in non-conventional energy systems, such as solar lanterns and solar home lights. The turnover has more than trebled with profitability increasing manifold.

Your company's subsidiary in Singapore, Chloride Batteries S E Asia Pte Limited has continued its profitable operations in the South East Asian and Australian markets despite a degrowth in automotive business. Traction batteries for industrial applications however, presents a growing market especially in certain types where demand could not be fully met due to capacity constraints.

Your Company's other subsidiary Caldyne Automatics Limited recorded an increased turnover of Rs 231 million riding on the back of a strong demand emanating from the power sector.

Your Company's subsidiary in United Kingdom, ESPEX Batteries Limited has experienced strong demand with sales continuing to rise and working capital management improving.

During the year, your Company's subsidiary Associated Battery Manufacturers' Ceylon Limited, Sri Lanka continued profitable operations. Thrust has been given on ensuring an upgradation of

the manufacturing facilities in that country, in order to ensure that opportunities for supplies can be exploited on a mutually beneficial basis.

The statement of the holding company's interests in subsidiaries as specified in Sub-Section 3 of Section 212 of the Companies Act, 1956, Accounts, Directors' Report and Auditors' Report of the subsidiary companies are attached to the report and accounts of your Company.

Directors

Mr Sudhir Chand retired from the services of the company as a Director effective 31st December, 2005. Your Directors wish to put on record their appreciation of his work and sincerity during his tenure with the company.

Mr Bhaskar Mitter was appointed the Chairman of the Shareholders Grievances Redressal Committee, as required under the revised Clause 49 of the Listing Agreement.

Mr S N Mookherjee, Mr Bhaskar Mitter and Mr Vijay Aggarwal retire by rotation and being eligible, offer themselves for re-appointment.

None of the Directors of the 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.

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