

EXIDE INDUSTRIES LIMITED

S. B. Ganguly, *Chairman Emeritus*

BOARD OF DIRECTORS

R. G. Kapadia, *Chairman & Non Executive Director*

R. B. Raheja, *Vice Chairman & Non Executive Director*

T. V. Ramanathan, *Managing Director & Chief Executive Officer*

G. Chatterjee, *Director – Industrial*

P. K. Katakya, *Director – Automotive*

S. K. Mittal, *Director – Research & Development*

A. K. Mukherjee, *Director – Finance & Chief Financial Officer*

Vijay Aggarwal, *Non Executive Director*

H. M. Kothari, *Non Executive Director*

Bhaskar Mitter, *Non Executive Director*

S. N. Mookherjee, *Non Executive Director*

A. H. Parpia, *Non Executive Director*

S. B. Raheja (*Alternate D S Parekh*), *Non Executive Director*

W. Wong, *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

T. V. Ramanathan

S. N. Mookherjee

Vijay Aggarwal

EXECUTIVE COMMITTEE

T. V. Ramanathan

G. Chatterjee

P. K. Katakya

S. K. Mittal

A. K. Mukherjee

Barun Das

Monodip Chaudhuri (*upto 31 May 2008*)

SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE

Bhaskar Mitter

T. V. Ramanathan

G. Chatterjee

BANKERS

State Bank of India

Standard Chartered Bank

Citibank N.A.

The Hongkong & Shanghai Banking Corporation Limited

BNP Paribas

HDFC Bank Limited

Deutsche Bank AG

ICICI Bank Limited

ABN Amro Bank N.V.

Bank of America

AUDITORS

S.R. Batliboi & Co.

Chartered Accountants

22, Camac Street, Block 'C', 3rd Floor

Kolkata 700 017

REGISTRAR & SHARE TRANSFER AGENT

C B Management Services (P) Ltd.

P-22 Bondel Road, Kolkata 700 019

SOLICITORS

A H Parpia & Co.

Advocates & Solicitors

203-204 Prabhat Chambers

92 S V Road, Khar (West)

Mumbai – 400 052

Victor Moses & Co.

Advocates & Solicitors

Temple Chambers

6, Old Post Office Street

Kolkata 700 001

Amarchand & Mangaldas

& Suresh A Shroff & Co.

Advocates & Solicitors

Ananda Lok, 227 A J C Bose 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 61st Annual General Meeting of the Company will be held at Kala Mandir, 48, Shakespeare Sarani, Kolkata – 700 017 on Friday, the 25th day of July, 2008 at 10.30 a.m. to transact the following business :-

ORDINARY BUSINESS

- To consider and adopt the Profit and Loss Account for the year ended 31 March, 2008, and the Balance Sheet as at that date together with the report of the Directors and the Auditors thereon.
- To declare dividend.
- To appoint a Director in place of Mr R B Raheja who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr Winston Wong who retires by rotation and being eligible offers himself for reappointment.
- To appoint a Director in place of Mr H M Kothari who retires by rotation and being eligible offers himself for reappointment.

NOTES

- The Register of Members and Transfer Books of the Company will remain closed from 18th July, 2008 to 25th July, 2008 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 25th July, 2008 or to their mandates.
- 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.
- Members are requested to immediately notify any change in their address to the Registrar and Share Transfer Agent, C B Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019.
- 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.
- Dividend for the financial year ended 31st March, 2001, which remains unpaid or unclaimed, will be due for

- 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. Batliboi & 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.”

Registered Office :
Exide House,
59E, Chowringhee Road,
Kolkata – 700 020
Dated : 22 April 2008

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

transfer to the Investors Education and Protection Fund of the Central Government in August, 2008. Members who have not encashed their dividend warrant(s) for the financial year ended 31.03.2001 and onwards, are requested to claim the amount forthwith from the Company.

- 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.
- 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
 - 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.
- 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 required for payment of dividend through ECS.

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* / Other Committee memberships
Mr R B Raheja	He is 53 years of age. He has a wide range of experience in industry and business	<p>Directorships Asianet Satellite Communications Limited EIH Associated Hotels Limited EIH Limited H & R Johnson (India) Limited Futura Polysters Limited Juhu Beach Resorts Limited Prism Cement Limited Supreme Petrochem Limited Sonata Software Limited Innovasynth Technologies (India) Limited ING Vysya Life Insurance Company Limited</p> <p>Committee Memberships Supreme Petrochem Limited Member Investors Grievance Committee</p> <p>EIH Limited Member Audit Committee</p> <p>EIH Associated Hotels Limited Member Audit Committee</p> <p>Juhu Beach Resorts Limited Member Audit Committee</p>
Mr Winston Wong	He is 61 years of age. He has a wide range of experience in business management.	Nil
Mr H M Kothari	He is 61 years of age. He has substantial experience in various aspects of business and financial management.	<p>Directorships DSP Merrill Lynch Limited DSP Merrill Lynch Fund Managers Limited Alkyl Amines Chemicals Limited Kirloskar Oil Engines Ltd. Peninsula Land Limited Health & Glow Retailing Ltd. Food World Super Markets Ltd.</p> <p>Committee Memberships Nil</p>

* Exclude Directorships in private / foreign companies and companies under Section 25 of The Companies Act, 1956. Committee Memberships includes only Audit Committee and Shareholders Grievances Redressal Committee of public limited companies.

Registered Office :
Exide House,
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Dated : 22 April 2008

By Order of the Board

Barun Das
Divisional Head-Legal &
Company Secretary

DIRECTORS' REPORT TO THE SHAREHOLDERS

Ladies and Gentlemen :

I have great pleasure in presenting the 61st Annual Report of the company together with its audited accounts for the year ended 31st March, 2008.

Economic Environment

Even as the Finance Minister was presenting the budget to the nation, he noted that macro-fundamentals favour the continuation of about a 9% growth in the current year. There was this emphasis on inclusive-growth, particularly in view of this being a pre-election budget. A massive waiver of farm loans, along with increasing doses of investment in Health, Education and Infrastructure, were the highlights of the India story. Indeed, the planned increase in scope of the National Rural Employment Guarantee scheme, to cover all districts of the country, was a part of the continued endeavour of the Government to bolster poverty alleviation efforts.

Foreign exchange inflows, which have crossed the US\$ 300 billion mark, poses a problem that the Reserve Bank of India is now engaging with. As a concomitant of such huge inflows, coupled with a rise in the cost of almost all raw materials and food grains globally, inflation has touched the high water mark of 8%. Consequently, both the Government. and the RBI have announced a slew of schemes, including reduction in customs duty and a ban on export of food grains, to contain this problem.

Additionally, the contagious effect of the sub-prime crisis, which started in the US acquired global ramifications. Fortunately, our economy is somewhat insulated since our GDP growth in recent years is basically driven by domestic demand.

Performance

Sixty one years represents the start of a new journey, after completion of six decades that your company spent, in acquiring and maintaining its leadership position in India and South Asia. It is a matter of satisfaction for your Board to note that, during the year under review, your company's turnover jumped from Rs. 20 billion, to surpass the Rs. 30 billion mark.

In the Automotive Sector, vehicle production grew in double digits, other than heavy commercial vehicles, which saw a slowdown. Tractor segment experienced a degrowth as did motorcycles and three wheelers. It is pertinent to note that in the global arena, India is now number one in tractors and three wheelers and number two in production of two wheelers which include motorcycles, scooters and mopeds. It has also emerged as the 11th largest car manufacturer, with 1.2 million units being produced last year.

The production of automotive batteries for four wheelers increased from 5.2 million units to 6 million units, whereas production of two wheeler batteries rose from 6.7 million units to 7.2 million units. Batteries for industrial applications manufactured during the year, also recorded a rise from 880 million Ah. to 1170 million Ah.

It is a matter of pride for your Board that, your company continued to dominate the car market, with an overall market share of 76%. The Finance Minister's announcement of a further reduction in the differential excise duty on small cars, is now beginning to bear fruit, with India emerging as a hub for manufacture of small cars, both for domestic automobile producers and multi-national corporations.

Your company continued as the preferred OEM supplier for existing and new car models including the prestigious Logan from the Mahindra Renault combine, along with Fiat's new models, which would debut some time in 2008. Your company currently supplies batteries for General Motor's Tavera and has been nominated as a single source, for their new model to be unveiled in 2009. Honda has nominated your company, as a single source for both their new models, to be unveiled during the current year and in 2009. Hyundai's i-10 which debuted during the year under review, has also placed its custom with your company and will source batteries for its upcoming model, to be unveiled in the current year. At least 50% of the Nano from Tata Motors will have Exide batteries. Toyota also has identified your Company as the vendor for batteries for its small car project.

The Replacement Segment showed a high growth of over 19%, despite the extremely competitive domestic scenario, with the advent of new players such as Tata Yuasa, Minda and others. Your company, however, continued to introduce new products for every customer segment, to preserve its market share. In the tractor market, retail sales under the *Project Kisan* showed a 31% growth over the earlier year. Your company now caters to 331 districts and covers about 35,000 villages, through over 2900 dedicated nodal dealers.

Sale of two wheeler batteries recorded its 13th successive year of growth with both the Exide and SF brands growing by 25%. While the production of scooters and mopeds recorded double digit growth, both the motorcycle and the three wheeler production by manufacturers, recorded a degrowth. While this is a matter of concern, your company expects to continue its growth through enhanced focus on the replacement market.

During the year under review, batteries for industrial applications, recorded an almost 50% growth over the earlier year. Telecom battery sales grew at an exponential rate and is expected to continue to post a healthy growth, in the current year. Railways recorded a significant growth, despite an increase in the number of players in this segment. Other segments such as Power and Projects, continued to grow at healthy rates. Traction batteries grew by over 50% and Solar business continued to thrive. Market share in all the above segments, were either maintained or increased.

Your Company has commissioned during the year a high technology Traction Battery Plant at Haldia which caters to electric Fork Lift Trucks.

Export of industrial batteries continued to record impressive gains, with sales having crossed the Rs. 100 crore mark. The focus of exports continued to be UK, South Africa, South Korea and the European markets. The Australian market engaged your company's attention with its vast potential and in order to tap this, your company acquired a 26% shareholding in CEIL Motive Power Pty Limited, one of the well known distributors in that market.

The submarine division has excelled during the year under review, having doubled its growth and has sufficient orders in hand, for execution in the current year. Noteworthy among these, is an order from the Indian Navy, for an Advanced Technology Vehicle (ATV), as well as orders from the Admiralty Ship Yard of Russia, for third country exports. This is the first time that, a Russian Ship Yard has parted with orders, for Submarine batteries, to India.

During the year, your company acquired 100% shareholding in Tandon Metals Ltd., a Smelter located near Pune. This initiative would help the company in using recycled lead, which would not only be cost competitive, but also ensure better compliance of Batteries (Management & Handling) Rules, 2001.

Efforts to further raise efficiencies at the plant level and working capital management, have also helped to post results, which are shown below:

Financial Results

	(In Rs. Million)	
	2007-2008	2006-2007
Profit before depreciation & taxation	4385.6	2894.1
Depreciation/Amortisation	642.4	542.0
Profit before tax	3743.3	2352.1
Taxation	1240.0	800.0
Profit after tax	2503.3	1552.1
Balance brought forward	1184.0	295.8
Making a total of	3687.3	1847.9
Out of this, appropriations are :		
General Reserves	500.0	356.8
Leaving a balance of	3187.3	1491.1
The Directors now recommend payment of dividend at 40% (35%) on equity shares absorbing	320.0	262.5
And tax thereon	54.3	44.6
And leaving a balance of (which is carried forward to next year)	2813.0	1184.0

New Products

During the year under review, your company entered into an agreement to jointly develop bipolar technology with a UK based Research organization – Atraverda Limited. Key technology issues in development of bipolar batteries, have been identified with the intent of creating a Pilot Plant at Chinchwad, to establish the production technology. Low height batteries in the ATB brand for DIN applications, commenced

manufacture at Taloja from August 2007. The tele-tubular range of industrial batteries, were introduced into production at the Shamnagar Plant, from September 2007 onwards. The Sonic Jumbo range above 100Ah, for the full range, started production from October 2007. A new battery for General Motors, was designed to replace a competitor's product. Perhaps the most significant new product to come out of R&D during the year under review, was the battery for the Tata Motors Nano car. In view of the innovative features included in this battery, a design registration has been filed in India.

An application for an International Patent for Advanced Hybrid Maintenance free technology, has been initiated in partnership with Daramic of USA, who have supplied a special separator design, jointly for this purpose. Field trials have commenced for maintenance free batteries at ABML Sri Lanka, where introduction of the entire maintenance free range, is planned from June 2008. Tests are in progress for a maintenance free version of a flat plate inverter battery, which would be added some time during the year.

An extended stand-by range in transparent containers, was introduced into production at Hosur in January 2008. An upgraded version of the maintenance free range of motorcycle batteries, with a warranty of thirty six months, is proposed to be manufactured at Chinchwad from May 2008. The new Research block which was inaugurated at the R&D Centre in the earlier year, has added to the company's capabilities for conducting in-house tests.

Operational Excellence

In continuation of your company's approach to quality, the various certifications already obtained under ISO/TS/16949, ISO9001 and ISO14001 certification from TUV-Nord of Germany, is underpins the quality of Company's product. In its intent to implement an exhaustive total quality management system, the R&D Centre, the head office and all service stations, have also been included in the certification process.

Preservation of the environment being a high priority for your company, the plants at Shamnagar, Haldia, Hosur, Taloja and Chinchwad are ISO 14001 certified. In terms of the recognized OHSAS 18001 certification for health

and safety at the plant level, Hosur will become the first plant to be certified by July 2008. A CII/JIPM help audit for TPM at Haldia, has been implemented and Chinchwad and Taloja are expected to follow by the year end.

You will recall that, your company had won the CII EXIM Business Excellence Award in 2006 for 'Strong Commitment to Excel'. Your company has once again won this award for 2007. In addition, the company in 2006, had won the Gold Award for 'Manufacturing Excellence' in the large automotive ancillary category. This year, Frost & Sullivan have awarded your company amongst all categories, the Super Platinum First Runner-up Award, adding a notch to your company's efforts towards moving to excellence.

As you are aware, in 2007 your company won the TERI Corporate Environmental Award in recognition of its 'Leadership efforts toward Environmental Management'. Your company has also won the EFY Award for the fourth year in succession.

The Batmobile service of your company, which is unique in its genre, continues to maintain an average response time of 28 minutes across 31 major cities in India and has logged over 6.8 lac calls. This represents a unique consumer interface, which your company continues to provide, free of any charge to the vehicle owners for this service. Batmobile is your company's way of showing its gratitude to its customers, which incidentally also results in revenue generation through sale of batteries. The company's CRM project with its portal "exideoutreach.com" has been online through which total customer database collected as at the end of the year exceeded 1.4 million.

As part of the Supply Chain Management (SCM) system has reached an advanced stage. implementation of the MRP module scan. It is expected that when fully implemented, will help to reduce costs through better material management.

Human Resources

Your company had 3888 nos. permanent employees as at the end of March 2008. The training needs for the managerial category of employees is assessed by the HR department, at the beginning of the year and a number of

programmes are organized with both in-house and external experts to deliver need-based training.

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 the company's growth.

Finance

Interest rates have continued to harden during the latter half of the year. Any expectations based on the interest rate cut by the Federal Reserve of USA, has however, been belied with inflation at an all time high of 8%. Your company, nevertheless, has managed its working capital efficiently, despite turnover having increased substantially.

Your company issued Rights Shares on the basis of 1 for every 15 shares held, for a sum of Rs. 5 crores, which together with the share premium of Rs. 29/- (Total Rs. 30/- per share), brought in an amount of Rs. 150 crores. Your company believes that, this amount will help strengthen its long term resources.

Corporate Governance

Your company believes that transparency is the cornerstone of your company's philosophy and all requirements of corporate governance are adhered to, 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. Your company is in compliance with all requirements of Clause 49 of the Listing Agreement.

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. The Directors and key management personnel of the company have complied with the Code of Conduct which was put in place by the Board of Directors. As required under Clause 49 (V) of the Listing Agreement, a certificate from the CEO and CFO, is being annexed with the report.

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, 2008, are attached hereto.

b. Particulars of Employees

In accordance with the provisions of Section 217 of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the annexure to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company, excluding 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 Companies

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.

During the year, your company acquired the balance 49% shareholding in Caldine Automatics Limited, making it another 100% subsidiary.

Caldine has performed well registering sales of Rs. 36.00 crores, which was 38% higher than the turnover achieved in the earlier year. Their products have continued to sell in the power sector, despite intensified competition. The subsidiary has also managed to increase its profits by over 40%, during the year under review.

The company's other 100% subsidiary in Singapore, Chloride Batteries S. E. Asia Pte. Ltd. (CBSEA), registered sales in Singapore \$ 43.33 million, with a growth of around 35%, mostly generated through growth in sale of Motive Power batteries.

ESPEX, UK, the other subsidiary, recorded sales of GBP 3.1 million, with a growth of around 57%, as compared to the earlier year.

The Sri Lankan subsidiary, Associated Battery Manufacturers (Ceylon) Ltd., (ABML), recorded a significant increase, with sales touching Sri Lankan Rupees 1444.88 million. Upgradation of their manufacturing facilities in the earlier year, has resulted in a rise in exports, with over 88,000 batteries being shipped to India. It is expected that the synergistic growth will continue in the future as well, especially after their maintenance free production commences smooth operations.

As reported earlier, your company acquired 100% holding in a Lead Smelting facility, Tandon Metals Limited in end October 2007. The Company has recorded a net turnover of over Rs. 62 Crores with a PBT of Rs. 2.24 Crores.

During the year under review, your company acquired a 26% shareholding in a marketing joint venture in Australia named Ceil Motive Power Pty. Ltd. The company is expected to become the third largest distributor of traction batteries in the Australian market.

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

During the year, Mr S B Ganguly, the Chairman & CEO retired from his services with the company, after more than fifteen years of serving as the head of the organization. Your company records its deep appreciation for the yeoman services rendered by him, in helping to build the largest battery company in South Asia.

Mr A K Mukherjee was appointed the Director -Finance & Chief Financial Officer during the year under review.

Mr R B Raheja, Mr Winston Wong and Mr H M Kothari 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 consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that period;
- iii) that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

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

Corporate Social Responsibility (CSR)

Your company continues to believe that, it has societal obligations which it must fulfill, in order to remain a responsible corporate citizen of the country. It also believes that, the ethical conduct of business, is part of its corporate ethos, which helps to fulfill the company's long term vision and its engagement with stakeholders at large.

As in the earlier year, the Hosur plant has continued its community initiatives in the Corporate Social Responsibility arena. The five core areas of Healthcare, Education, Environment, Women's Empowerment and Relief activities, have been the cornerstone of engagement with the community, in and around the plant. Towards this end, health check-up at school at the Sevanganapalli Panchayat, Pulse Polio camps, a Dental Health camp at Bagalur Primary Health Centre and a Speciality Health camp, was organized during the year. An environmental awareness camp, distribution of free fruit saplings at Kothapallim, planting of saplings by employees within the factory and by the local community, were encouraged as part of the project to green the area.

School fees were paid for handicapped children, who were also provided with books and accessories. Uniforms and Utensils were provided to the Bal Anganwadi, to promote nutritious mid-day meals. Civil work was carried out, to improve and maintain roads in the vicinity of the factory and at the local school, as well as the community reading room. A pump for drawing drinking water was provided at Chicurakanapalli.

At Haldia, beautification of the Government primary school ground and a mini-park was undertaken. Repair and refurbishing of the school building, as well as providing school furniture, were also completed. A bore well was dug for supply of drinking water. In an innovative

programme, sewing machines were distributed through a co-operative society, to help income generation for village women. Saplings were distributed to villagers to help protect the environment. Regular health checks and pulse polio immunization programmes were also carried out.

The company also continued its efforts at spreading awareness on environmental degradation and cleaner air, through its Nature Park in the city of Kolkata.

Future Prospects

India faces a difficult choice at this point of time. The Government realizes that inflation can build resentment and social unrest, unless curbed in the shortest possible time. At the same time, hardening interest rates would tend to slow down the rate of GDP growth. Nevertheless, there is great potential waiting to be unlocked in the infrastructural sector and this is an opportunity which your company intends to focus on, in its search for volume growth.

The domino effect of a likely recession, combined with the high oil prices and the adequate volume growth in the automobile sector pose a new challenge to the Company.

Your Company, however, is uniquely placed arising from its customers being spread over a large number of sectors of the economy. The multi sectoral exposure provides the Company a natural hedge against contraction if, any, in a few of sectors of our economy. This coupled with the robust distribution of network gives your Directors the confidence to face the emerging challenges with cautious optimism.

On behalf of the Board of Directors
R G Kapadia
Chairman

Place : Mumbai
Date : 22nd April, 2008

ANNEXURE TO DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH, 2008.

I. Conservation of Energy

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

- a. Close monitoring of consumption of electricity, LPG, diesel and water.
- b. Closely monitoring electricity consumption based on 'KWH/MT of Lead Consumed' [Almost all the major units – Chinchwad, Talaja, Haldia and Shamnagar were less than the targeted level].
- c. Optimisation of electricity, LPG, diesel and water by reducing process cycle time, by process modification and also by equipment modification/replacement/retrofitting.
- d. Achieving power factor standards nearing unity. All of the company's plants targeted unity.
- e. **Chinchwad**
 - i. Use of non-conventional energy (wind power) of 1317040 KWH.
 - ii. Installed 1000 KVA Harmonic Filters with automatic power factor control panel.
 - iii. Power factor maintained at 0.97.
 - iv. Optimised use of energy by switching off lights, fans, air conditioners and exhaust systems whenever not required.
 - v. Small sized D G sets replaced by bigger size D G set with synchronized panel to optimize the HSD consumption.
 - vi. Energy audit conducted for reduction in energy consumption.
 - vii. 100% use of recycled water for gardening and shop floor washing.
 - viii. Reduction in compressed air consumption by arresting air leakages.
 - ix. Use of variable frequency drive for one 350 CFM compressor.
 - x. Upstream controller fitted for one of the compressors for optimization of air consumption.
 - xi. Awareness given to workmen for conservation of energy.
- f. **Haldia**
 - i. Change over to Flat Belts, elimination of Drives, installation of energy saving tubelights, etc. had resulted in cost saving;
 - ii. Installation of Roof Extraction System on top of factory sheds, by this exhaust blowers had been stopped resulting in an improved working environment and power saving;
 - iii. Process is on to replace the street lights with solar lights;
 - iv. Pressure regulator installed to control the flow of LPG, resulting in cost savings;
 - v. Power factor had improved from 0.92 to 0.96 by installation of harmonic filters and capacitor bank;

- vi. Water recycling after treatment in STP – instead of draining out the same is being used for floor washing and gardening, saving 50KL of water per day;
 - vii. Conversion of Blower Motor from Star & Delta to Star only had resulting in cost saving;
 - viii. Electrical load was under focus and distribution of load throughout the month through appropriate planning had yielded cost saving;
 - ix. Energy Audit conducted for reduction in energy consumption; and
 - x. Installation of solar water heating system for canteen – fuel saving by use of non-conventional energy.
- g. Hosur**
- i. Provided power factor improvement from 0.59 to 0.99 Lag for 523 KW @ PCC-7;
 - ii. Provided auto assembly. bag filters on/off controlled by machine;
 - iii. Provided VRLA MET assembly. Bag filters on/off controlled by machine;
 - iv. Provided VRLA medium assembly. Bag filters on/off controlled by machine;
 - v. Converted 35 nos. of 250W sodium street light to 120 W CFL street light;
 - vi. Provided optimal air energy conservation;
 - vii. Provided VRLA pasting machine bag filters with on/off controlled by machine.
- h. Taloja**
- i. Reduction of per plate KWH from 0.016 to 0.015 in Casting;
 - ii. Power factor improvement to unity;
 - iii. Installed energy less LPG vaporizer in LPG yard to conserve energy;
 - iv. Use of steam radiator in place of electric heater in Pasting/Curing Chambers;
 - v. Use of Star Delta Convertor to conserve energy;
 - vi. Reduction in water consumption by 2000 cu.mtr;
 - vii. Reduction of chemical cost in E.T.P. by recovering / reusing waste sulphuric acid.
- i. Shamnagar**
- i. Replacement of 3 nos. 100 HP old less efficient Holman Compressor with new 3 nos. 50 HP energy efficient Screw Compressors;
 - ii. Installation of plate Curing Cubicles fitted with Humidifier at Auto Division;
 - iii. Water Recirculation System introduced in Grid Casting, Spine Casting Machines and Paste Mixer Machines;
 - iv. Decentralization of Compressed Air System; and
 - v. Installation of new constant current battery charger.

- j Bawal**
 - i. Replaced all incandescent lamps by fluorescent lamps resulting in energy saving;
 - ii. After completion of Air Audit, the running of air compressors had been optimized;
 - iii. Installed solar street lights in place of HPMV lights;
 - iv. Equalization of electrical loads on the R/Y/B phases which had a positive impact on the peak demand value;
 - v. Use of eco-friendly lighting systems;
 - vi. Installed solar hot water system for canteen; and
 - vii. Installed energy efficient variable frequency drives in reaction blower of ball mill and main drive of grid casting machine.
- k. Kanjur Marg**
 - i. Capacitor banks were installed and achieved power factor improvement to 0.99, which resulted in power cost savings of approx Rs. 3 lacs.
 - ii. Achieved a 6% reduction in power consumption per cell manufactured, i.e. from 992.40KWH in 2006-07 to 932.37 in 2008.

II. Particulars as per Form B

A1. Research & Development (R&D)

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

R&D activities are focused on the advancement of technology and the development of new products for a variety of applications, viz. Automotive, Motor Cycle and Industrial (Railway, Motive Power, UPS, Telecom, Defense, etc), with a competitive technology edge.

R&D Centre is also engaged in several Process Technology projects, aimed at improving deep cycle capability, reliability under arduous service conditions and for ensuring the performance consistency. Special focus is given to the development of special materials, alloys and indigenization of production tools and moulds. R&D is also involved in monitoring the environmental aspects associated with various manufacturing processes.

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

Several new and advanced technology products have been introduced in the domestic as well as export markets. Some notable achievements include the introduction of completely sealed, long life, MF battery under the brand name Exide 'Matrix' in the small car segment. In addition, several new products have been introduced in the OE segment, e.g. MUL's 'Swift' (Diesel), Renault's 'Logan', GMI's 'Optra', Hyundai's 'Verna', TML's 'New Indica' platform, etc. Development of batteries for Tata Motors Nano car, MUL's future new models and Hyundai's PA, PB & TB models are nearing completion. In the motor cycle segment, flooded MF types have been introduced in BAL's models.

Improved technology products with value added features are in the pipeline for the home UPS sector.

Significant improvements in the manufacturing process have been introduced, especially in the area of plate processing and continuous plate making. Modification and improvements have been made in the battery paste formulations and plate curing processes. A new alloy has been developed and introduced for the positive grids.

A3. Future Action Plan

The major thrust will continue to be on the development of new technology products with superior MF characteristics to stand up to the international bench marks. Products based on advanced calcium technology and new paste formulations are to be introduced for Micro Hybrid vehicles demanding 'Instant Stop-Start'. Research projects have been undertaken for the development of new grid alloys and improved formulations of active materials for superior battery characteristics. A major thrust is also being given to the up-gradation of some of the existing products for the improvement of quality and reduction of warranty claims.

A4. Expenditure on R&D

The capital and revenue expenditure on R&D were Rs. 3.13 crores and Rs. 6.16 crores respectively aggregating to Rs. 9.29 crores.

Total R&D Expenditure as percentage of net turnover: 0.32%

B1. Technology absorption, adaptation and innovation

- Continuous improvement in the Product Design and Technology with the view to provide a competitive advantage.
- Improvement in Production Technologies and Processes with assistance from the technical collaborators.
- Assessment of new / emerging technologies with the support of the collaborators.

B2. Benefits

R&D innovations have helped the Company to maintain its technological leadership in the country. Furthermore, with the introduction of several advanced products, significant benefits have been derived by way of enhanced market penetration, new OE business and cost reduction.

B3. Particulars of Imported Technology in the last 5 years

	Technology Imported	Year of Import	Has Technology been absorbed	If not fully absorbed, reason and future action plan
-	Lead acid Storage batteries for automotive applications with Shin-Kobe Electric Machinery Co. Ltd., Japan	Renewed for a period of 5 years from 2004	In progress	-
-	VRLA batteries for stationary applications with Shin-Kobe Electric Machinery Co. Ltd., Japan	2005 and to continue for a period of 5 years	In progress	-
-	Lead Acid Storage Batteries for 4 wheelers with Furukawa Battery Co. Ltd., Japan	Renewed for a period of 5 years from 2005	In progress	-
-	VRLA Lead Acid Storage Batteries for motorcycles with Furukawa Battery Co. Ltd., Japan	2007 to continue for 5 years	In progress	-

In view of the global competition, it is essential that the Company should have access to advanced technologies, through its existing and new collaborators, to keep abreast of the latest innovations and developments taking place and to upgrade the technology continually to improve its competitive position in India, as well as in the export markets.

III. Foreign Exchange – Earnings and Outgo

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

The Company has sustained a high level of export, which during the year amounted to Rs. 135.97 crores. The Company plans to maintain its export drive in the coming years.

- Total Foreign Exchange used and earned :

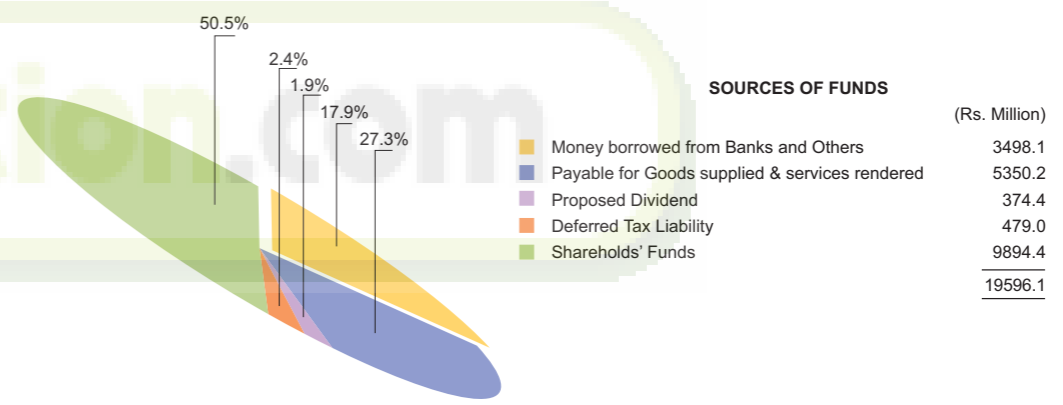
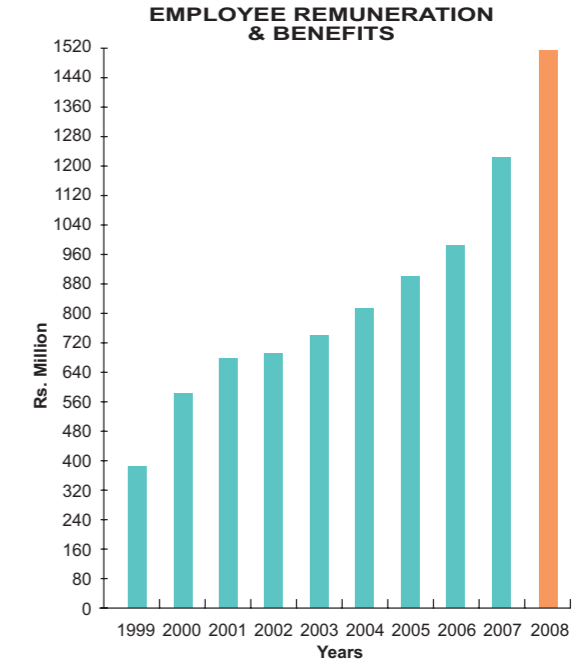
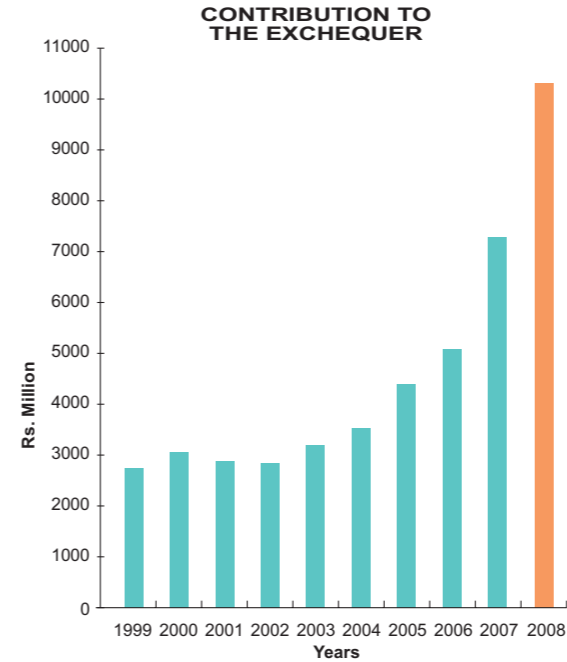
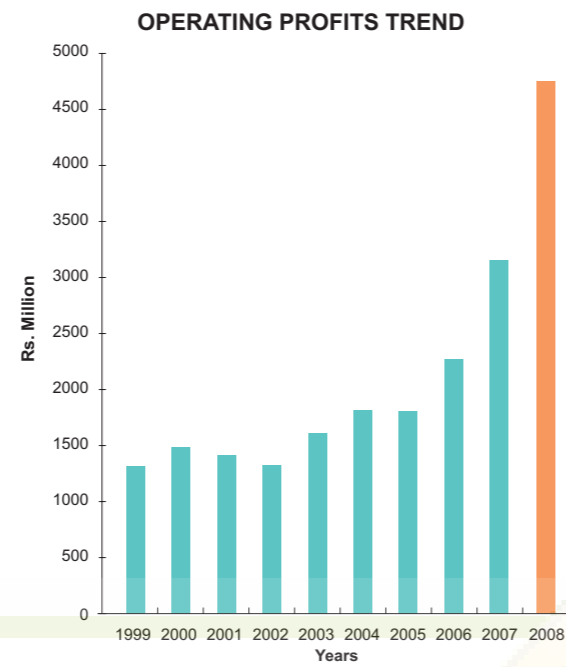
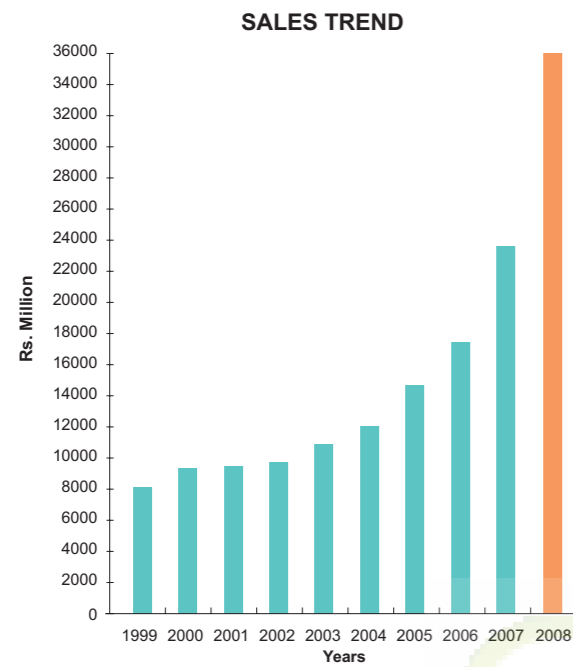
Used : Rs. 628.60 crores
Earned : Rs. 136.88 crores

On behalf of the Board of Directors

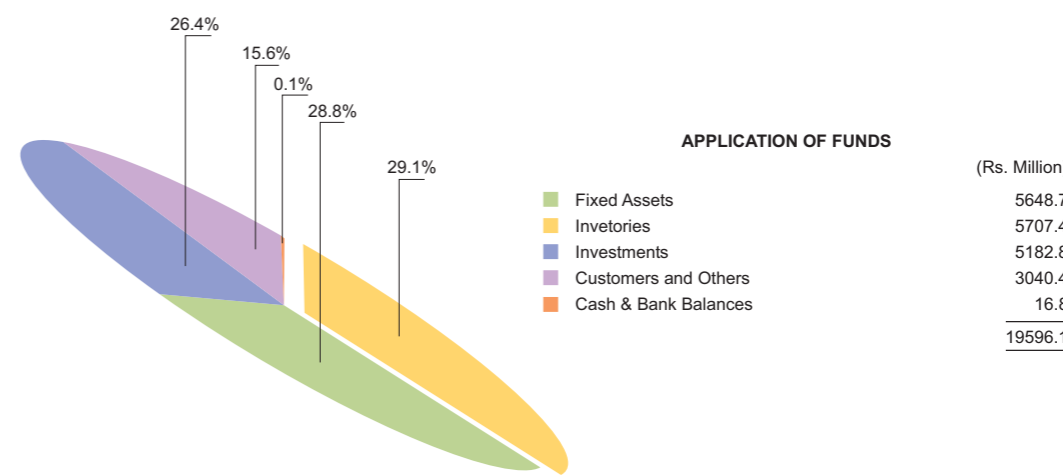
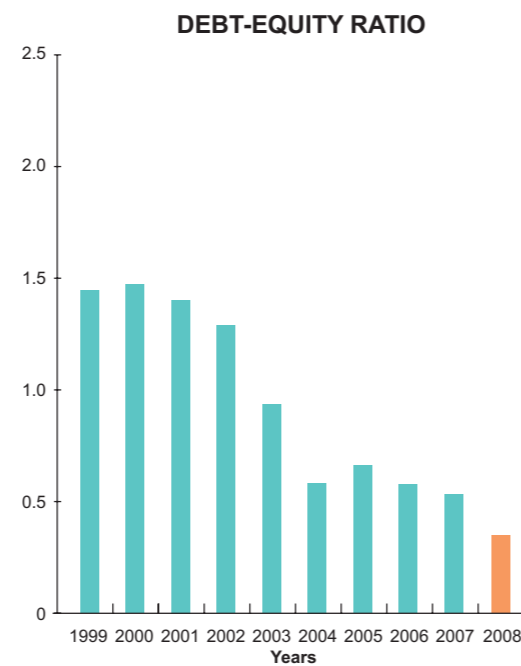
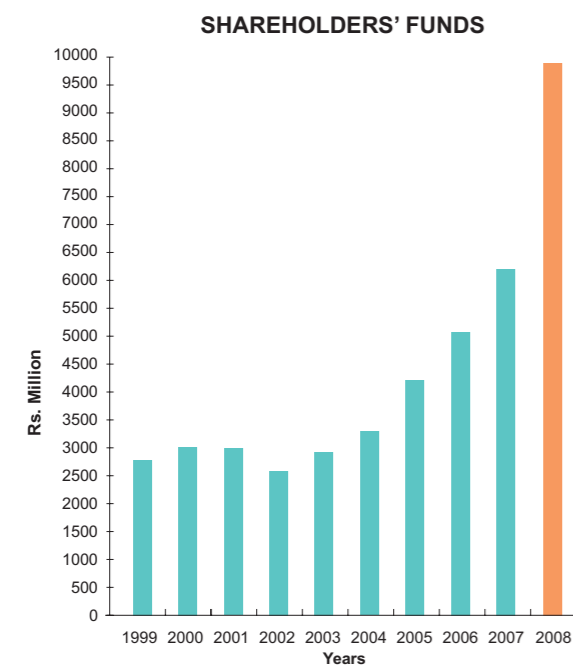
Place : Mumbai
Date: 22nd April, 2008

R G Kapadia
Chairman

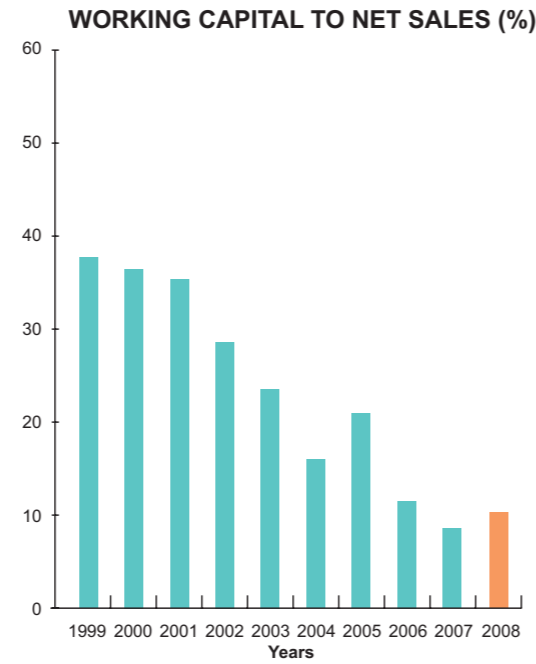
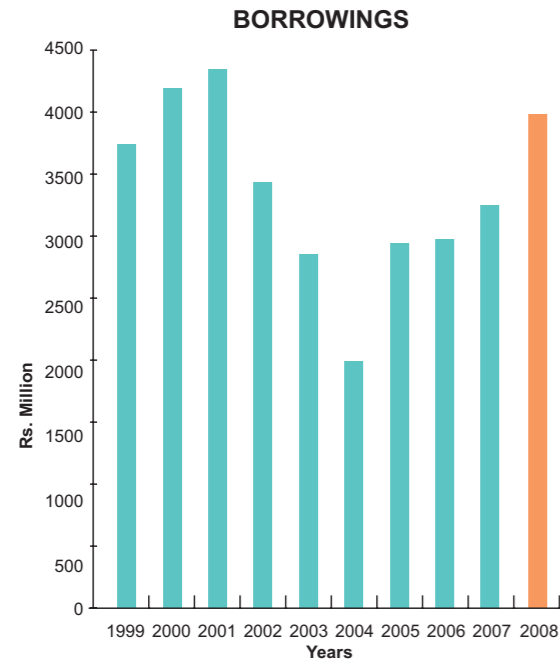
FISCAL TRENDS



SOURCES OF FUNDS		(Rs. Million)
Money borrowed from Banks and Others		3498.1
Payable for Goods supplied & services rendered		5350.2
Proposed Dividend		374.4
Deferred Tax Liability		479.0
Shareholders' Funds		9894.4
		<u>19596.1</u>



APPLICATION OF FUNDS		(Rs. Million)
Fixed Assets		5648.7
Inventories		5707.4
Investments		5182.8
Customers and Others		3040.4
Cash & Bank Balances		16.8
		<u>19596.1</u>



THE DECATED IN RETROSPECT

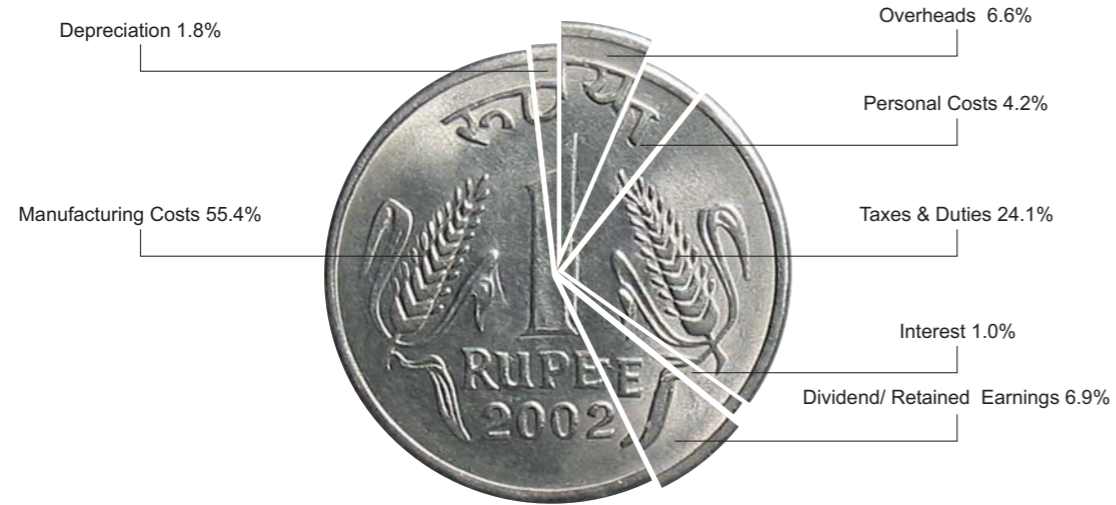
(in Rupees Millions)

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Sales (Gross)	36059.7	23826.8	17610.8	14828.5	12196.7	10953.1	9848.4	9543.8	9396.9	8168.4
Operating Profit	4759.6	3171.1	2289.7	1815.6	1822.1	1616.5	1322.4	1408.0	1483.7	1306.2
Gross Profit	4385.6	2894.0	2065.3	1683.9	1645.9	1269.7	864.2	919.3	947.4	793.3
Taxation	1240.0	800.0	510.0	372.5	372.5	285.0	110.0	70.0	62.5	55.0
Net Profit	2503.3	1552.1	1007.3	772.8	728.6	523.3	314.2	415.5	488.9	398.6
Cash Profit	3145.6	2094.1	1555.3	1311.4	1273.4	984.7	754.2	849.3	884.8	738.3
Annualised Earning per Share (Rs.)	\$3.30	+2.07#	13.43#	10.30#	10.23#	14.70	8.79	11.06	12.80	10.83
Dividend	374.4	307.1	256.6	213.8	321.4	160.7	125.1	144.0*	126.0*	120.1*
Balance Sheet										
Net Fixed Assets**	5648.7	4543.5	4076.7	4282.8	4158.6	4145.5	4227.5	4452.1	4398.7	4035.5
Investments	5182.8	3780.1	2785.3	1116.2	198.7	190.3	190.3	200.3	23.4	11.6
Current Assets	8764.7	5722.1	4404.9	4584.0	3655.4	3490.2	3528.0	3725.0	3961.9	3542.5
Total Assets	19596.2	14045.7	11266.9	9983.0	8012.7	7826.0	7945.8	8377.4	8384.0	7589.6
Loans	3498.1	3247.0	2898.5	2901.9	1989.6	2816.7	3429.7	4323.6	4148.4	3704.1
Current Liabilities	5724.6	4072.4	2815.8	2203.2	2098.9	1430.7	1268.6	1012.3	1191.7	1087.8
Sub Total	9222.7	7319.4	5714.3	5105.1	4088.5	4247.4	4698.3	5335.9	5340.1	4791.9
Deferred Tax Liability	479.0	446.5	511.0	587.0	575.0	616.0	617.5	--	--	--
Net Worth **	9894.5	6279.8	5041.6	4290.9	3349.2	2962.6	2630.0	3041.5	3043.9	2797.7
Total Liabilities	19596.2	14045.7	11266.9	9983.0	8012.7	7826.0	7945.8	8377.4	8384.0	7589.6

* Excluding dividend on Preference Shares
 ** Net of Revaluation Reserve
 # Post Bouns Issue
 + Post Sub-division of shares
 \$ Post Rights Issue

REPORT JUNCTION

HOW THE RUPEE WAS SPENT



EQUITY HISTORY

YEAR	EQUITY SHARES		PARTICULARS	CUMULATIVE SHARE CAPITAL (Rs.in Mil.)
	NUMBER	FACE VALU PER SHARE		
1960	11,80,000	Rs 10	Public Issue	11.80
1965	2,36,000	Rs 10	Bonus Issue	14.16
1967	3,54,000	Rs 10	Bonus Issue	17.70
1968	3,54,000	Rs 10	Bonus Issue	21.24
1974	18,88,000	Rs 10	Bonus Issue	40.12
1977	15,04,500	Rs 10	Bonus Issue	55.17
1978	9,38,100	Rs 10	Right Issue	64.55
1980	16,13,650	Rs 10	Bonus Issue	80.68
1983	48,40,950	Rs 10	Bonuse Issue	129.09
1987	77,45,520	Rs 10	Bonuse issue	206.55
1996	41,30,944	Rs 10	Right Issue	247.86
1997	40,48,152	Rs 10	Conversion of Equity Warrants	288.34
1998	71,67,454	Rs 10	Rights Issue	360.01
2001-02	3,23,209	Rs 10	Buy Back	356.78
2002-03	67,723	Rs 10	Buy Back	356.10
2003-04	3,56,10,338	Rs 10	Bonus Issue	712.21
2004-05	37,79,324	Rs 10	Preferential Issue	750.00
2006-07	75,00,000	Re 1	Sub-division	750.00
2007-08	5,00,00,000	Re 1	Rights Issue	800.00

Dividend: The Bord of Directors has recommended payment of dividend @ 40% subject to the approval of the members at the Annual General Meeting. Shareholders who wish to have their bank account details printed on dividend warrants should send the required information to the Registrars on or before 18th July, 2008.