

Touching Lives



**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. Katak**, *Director – Automotive*  
**A. K. Mukherjee**, *Director – Finance & Chief Financial Officer*  
**Nadeem Kazim**, *Director – HR and Personnel*  
**Vijay Aggarwal**, *Non Executive Director*  
**H M Kothari**, *Non Executive Director*  
**Bhaskar Mitter**, *Non Executive Director*  
**S. B. Raheja**, *Non Executive Director*  
**D. S. Parekh**, *Non Executive Director (Alternate to S. B. Raheja)*  
**Mona N Desai**, *Non Executive Director*  
**W. Wong**, *Non Executive Director*

**SECRETARY**

**S. Coomer**

**AUDIT COMMITTEE**

**R. G. Kapadia**  
**Bhaskar Mitter**  
**Vijay Aggarwal**  
**Mona N Desai**

**REMUNERATION COMMITTEE**

**Bhaskar Mitter**  
**R. G. Kapadia**  
**T. V. Ramanathan**  
**Vijay Aggarwal**  
**Mona N Desai**

**SHAREHOLDERS' GRIEVANCE REDRESSAL COMMITTEE**

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

**SHARE TRANSFER COMMITTEE**

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

**BANKING OPERATIONS COMMITTEE**

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

**EXECUTIVE COMMITTEE**

**T. V. Ramanathan**  
**G. Chatterjee**  
**P. K. Katak**  
**A. K. Mukherjee**  
**Nadeem Kazim**  
**S. Coomer**

**BANKERS**

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

**STATUTORY AUDITORS**

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

**COST AUDITOR**

**Mani & Co.**  
Cost Accountants  
"Ashoka", 111 Southern Avenue,  
Kolkata - 700 029

**REGISTRAR AND SHARE TRANSFER AGENT**

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

**SOLICITORS**

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

**REGISTERED OFFICE**

EXIDE HOUSE  
59E, Chowringhee Road  
Kolkata 700 020

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 65th Annual General Meeting of the Company will be held at Kala Mandir, 48 Shakespeare Sarani, Kolkata – 700 017 on Tuesday, the 17th day of July, 2012 at 10.30 am to transact the following business:-

### ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended 31 March, 2012 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr Bhaskar Mitter who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Vijay Aggarwal who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr R G Kapadia who retires by rotation and, being eligible, offers himself for reappointment.
6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Messrs S R B C & CO., Chartered Accountants, be and are hereby appointed 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 remuneration to be decided by the Board of Directors of the Company.”

### SPECIAL BUSINESS

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

“RESOLVED THAT, pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, Mr T V Ramanathan be and is hereby reappointed as the Managing Director and Chief Executive Officer of the Company for a period of one year with effect from 1st May, 2012 upto 30th April, 2013 on such remuneration and terms and conditions of service as detailed in the Explanatory Statement under Section 173(2) of the Companies Act, 1956 annexed to the Notice convening the Meeting.”

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

Dated: 30th April, 2012

By Order of the Board

Company Secretary and  
Vice President - Legal &  
Administration

### NOTES

- A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. The instrument appointing a proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding of the Meeting.**
- The Register of Members and Share Transfer Books of the Company will remain closed from 10th July, 2012 to 17th July, 2012, both days inclusive. Dividend, if declared at the Meeting, will be payable to those members holding equity shares in physical form whose names appear in the Company's Register of Members on 17th July, 2012 or to their mandatees. Dividend, if any, in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as

on 10th July, 2012 as per the details furnished to the Company by both NSDL and CDSL.

- Information relating to the Directors proposed to be appointed and those retiring by rotation and seeking reappointment at this Meeting, as required under Clause 49(G)(i) of the Listing Agreement with the Stock Exchanges, is annexed to this Notice.
- Pursuant to Section 205A of the Companies Act, 1956, Dividend for the financial year ended 31st March, 2005 which remains unpaid or unclaimed, will be due for transfer to the Investors Education and Protection Fund of the Central Government in September 2012. Members who have not encashed their dividend warrant(s) for the financial year ended 31st March, 2005 and onwards, are requested to claim the amount forthwith from the Company.

- e. Members holding shares in physical form are requested to notify/send the following to the Company or its Registrars to facilitate better service:-
  - i. Any change in their address/bank details;
  - ii. Particulars of their bank account, in case the same have not been sent earlier; and
  - iii. Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- f. 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 considered for payment of dividend through ECS.
- g. **To support the Green Initiative in corporate governance Members are requested to provide their email addresses for receiving various documents including Annual Reports from the Company. An email may be sent to the Company's Registrar and Share Transfer Agents at [investor@cbmsl.com](mailto:investor@cbmsl.com) mentioning the Company's name and the Members Folio No./DPID & Client ID.**

**Special Notice of Resolution under Section 190 of the Companies Act, 1956 for appointment of Auditor**

Messrs S R Batliboi & Co., Chartered Accountants, the Auditors retire at the conclusion of the ensuing Annual General Meeting and have expressed their unwillingness to be reappointed for a further term. The Company has received a Notice from a shareholder pursuant to Section 225, read with Section 190, of the Companies Act, 1956 proposing a resolution for approval of the members at the Annual General Meeting to be held on 17th July, 2012 for appointment of Messrs S R B C & Co., Chartered Accountants, a network firm of Messrs S R Batliboi & Co., as the Auditors of the Company. The subject Resolution is appearing as item no. 6 of the Notice convening the Annual General Meeting. A copy of the said Notice has been forwarded to the retiring Auditors as prescribed under Section 225 of the Companies Act, 1956. Messrs S R B C & Co., Chartered Accountants have also given their consent to act as Auditors, if appointed, and confirmed that the appointment, if made, would be in compliance with Section 224 (1B) of the Companies Act, 1956. Your Directors recommend that the resolution for appointment of Messrs S R B C & Co., Chartered Accountants as Auditors of the Company be approved by the Members.

None of the Directors are interested in or concerned with the said resolution.

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

**Item No.7**

The present term of appointment of Mr T V Ramanathan ("Mr Ramanathan") as Managing Director & Chief Executive Officer expired on 30th April, 2012. The Board of Directors of the Company at its meeting held on 30th April, 2012 re-appointed Mr Ramanathan as the Managing Director and Chief Executive Officer of the Company for a further period of one year with effect from 1st May, 2012, subject to the approval of the members in General Meeting.

The remuneration payable to and the terms and conditions of service of Mr Ramanathan as Managing Director & Chief Executive Officer with effect from 1st May, 2012 are set out below:-

Salary	₹ 6,95,000 per month.
Commission	Commission of 1% of the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956, subject to a maximum of annual salary for each year, based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors and payable annually after the Annual Accounts have been approved by the Board of Directors and Members of the Company.
Performance Bonus	Subject to a maximum amount equivalent to the annual salary based on certain performance criteria to be laid down by the Remuneration Committee of the Board of Directors.
Duties	Subject to the superintendence, control and direction of the Board, he shall have the responsibility of overall management of the business of the Company and for that purpose shall have the power to do all such acts, deeds and things as may be required on behalf of the Company or delegated to him by the Board/Chairman.
Period	For a period of one year with effect from 1st May, 2012 to 30th April, 2013.

## Other terms and conditions:

Perquisites	<p>In addition to the above salary, commission and performance bonus the Managing Director &amp; Chief Executive Officer shall be entitled to perquisites like furnished accommodation with expenditure on gas, electricity, water, maintenance and repair thereof or House Rent Allowance with expenditure on gas, electricity, water and furnishings, leave travel allowance for self and family, medical expenses and medical insurance for self and family, fees of clubs, personal accident and life insurance benefits and such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors.</p> <p>Company's contribution to Provident Fund and Pension Fund not exceeding 27% of salary or such percentage limit as may be prescribed by Income Tax legislation, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and leave including encashment of leave at the end of the tenure, as per Company's policy.</p> <p>The overall amount of perquisites shall not exceed an amount equal to the annual salary.</p> <p>Provision for use of Company's cars and telephones at residence (including payment only for local and long distance calls) shall not be included in the computation of perquisites. In computing the monetary ceiling on perquisites, Company's contribution to Provident Fund, Pension Fund and Gratuity shall not be taken into account.</p> <p>Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in the absence of any such rule perquisites shall be evaluated at actual costs.</p>
Minimum Remuneration	<p>In the absence of or inadequacy of profits in any of the financial years of the Company during the tenure he shall be entitled to such remuneration by way of salary along with perquisites, benefits and other allowances as mentioned above not exceeding such sum as may be prescribed under Schedule XIII of the Companies Act, 1956 from time to time.</p>
General	<p>In addition to the above, the contract of appointment shall set out the usual rights and obligations of the parties.</p>
Termination	<p>The appointment of the Managing Director &amp; Chief Executive Officer is terminable by either party by giving three months prior notice to the other.</p>

The Board considers the aforesaid re-appointment of Mr Ramanathan on the terms set out above to be in the interest of the Company and recommends that the resolution be adopted by the members. Except Mr T V Ramanathan, no other Director is concerned with or interested in the aforesaid resolution.

Registered Office:  
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Kolkata 700 020

Dated: 30th April, 2012

By Order of the Board

Company Secretary and  
Vice President - Legal &  
Administration

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

Name of the Director	Date of Birth	Brief resume and nature of expertise in functional area	No. of equity shares held in the Company	Other Directorships/Other Committee memberships* held
Mr Bhaskar Mitter	11.10.1919	Mr Mitter, is a Barrister-at-Law (London) and has several years of experience in various aspects of business management. He is a former Chairman of the Andrew Yule Group, CESC Limited and BOC India Limited. He was also the President of Bengal Chamber of Commerce & Industry and Associated Chamber of Commerce & Industry.	Nil	<b><u>Directorships:</u></b> <ol style="list-style-type: none"> <li>1. Eveready Industries India Limited</li> <li>2. Gloster Ltd.</li> <li>3. Graphite India Limited</li> </ol> <b><u>Committee Memberships</u></b> <p><u>Chairman of Shareholders'/Investors' Grievance Committee</u></p> <ol style="list-style-type: none"> <li>1. Eveready Industries India Ltd.</li> </ol> <p><u>Membership of Audit Committee</u></p> <ol style="list-style-type: none"> <li>1. Eveready Industries India Ltd.</li> <li>2. Graphite India Ltd.</li> <li>3. Gloster Ltd.</li> </ol> <p><u>Membership of Shareholders'/Investors' Grievance Committee</u></p> <ol style="list-style-type: none"> <li>1. Graphite India Limited</li> <li>2. Gloster Ltd.</li> </ol>
Mr Vijay Aggarwal	08.07.1968	Mr Aggarwal is an Electrical Engineer from IIT, Delhi and is also PGDM from IIM, Ahmedabad. He is the Managing Director of Prism Cement Limited.	Nil	<b><u>Directorships:</u></b> <ol style="list-style-type: none"> <li>1. Asianet Satellite Communications Ltd.</li> <li>2. Prism Cement Ltd.</li> <li>3. Indian Council of Ceramic Tiles &amp; Sanitaryware</li> <li>4. Aptech Limited</li> <li>5. ING Vysya Life Insurance Company Limited</li> <li>6. Ardex Endura (India) Pvt Ltd.</li> <li>7. Spur Cable &amp; Datacom Pvt Ltd.</li> </ol> <b><u>Committee Memberships</u></b> <p><u>Chairman of Audit Committee</u></p> <ol style="list-style-type: none"> <li>1. Asianet Satellite Communications Limited</li> </ol> <p><u>Membership of the Audit Committee</u></p> <ol style="list-style-type: none"> <li>1. Aptech Ltd.</li> </ol>
Mr R G Kapadia	02.11.1956	Mr. R G Kapadia is a practicing Chartered Accountant and Senior Partner at G M Kapadia & Company, Chartered Accountants. Mr Kapadia served as the President of the Indian Merchants Chamber for 2005-2006 and is considered an expert on taxation and	Nil	<b><u>Directorships:</u></b> <ol style="list-style-type: none"> <li>1. Asianet Satellite Communications Ltd.</li> <li>2. EIH Associated Hotels Limited</li> <li>3. Goldiam International Limited</li> <li>4. Goldiam Jewellery Limited</li> <li>5. ING Vysya Life Insurance Co. Ltd.</li> <li>6. Raheja QBE General Insurance Co. Ltd.</li> <li>7. Prism Cement Ltd.</li> <li>8. Surin Investments Pvt Ltd.</li> </ol>

Name of the Director	Date of Birth	Brief resume and nature of expertise in functional area	No. of equity shares held in the Company	Other Directorships/Other Committee memberships* held
		accountancy and has several years of experience in the profession.		<b><u>Committee Memberships</u></b> Chairman of the Audit Committee 1. Goldiam International Limited 2. Prism Cement Limited 3. Raheja QBE General Insurance Co. Ltd. 4. ING Vysya Life Insurance Co. Ltd. <b><u>Membership of Audit Committee</u></b> 1. Asianet Satellite Communications Ltd. 2. EIH Associated Hotels Ltd. <b><u>Membership of Shareholders'/Investors' Grievance Committee</u></b> 1. Prism Cement Ltd.
Mr T V Ramanathan	08.07.1945	Mr Ramanathan is a Chartered Accountant and a Company Secretary. His total experience of 43 years includes 15 years overseas of which nearly five years was with the World Bank. Before joining the Company in 1995, he was associated with United Breweries group as Group Vice President – Finance and has a wealth of experience in dealing with Financial and Accounting matters in addition to corporate management.	45839	<b><u>Directorships:</u></b> 1. Chloride International Limited 2. Chloride Metals Limited 3. Chloride Alloys India Limited <b><u>Committee Memberships</u></b> <b><u>Membership of Audit Committee</u></b> 1. Chloride Metals Limited

\* Committee Memberships include Audit Committee and Shareholders' / Investors' Grievance Committee only.

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

Dated: 30th April, 2012

By Order of the Board

Company Secretary and  
Vice President - Legal &  
Administration

## DIRECTORS' REPORT TO THE SHAREHOLDERS

### (including Management Discussion & Analysis)

Your Board of Directors are pleased to present the 65th Annual Report of the Company together with Audited Accounts for the year ended 31st March, 2012.

#### Economic Environment

Within a year following the global financial crisis in 2007-08 the macro economic situation in India showed a gradual upward trend and the momentum continued upto the early months of 2011. The growth rate which had plummeted to 6.7% in 2008-09 was expected to register a growth of around 9% or more during 2011-12. Such growth rate, if achieved, would have brought back our economy to the pre-crisis levels of 2007-08. However, with every progressing month, since early 2011 it became evident that the rate of growth is on the decline and as per present estimates the rate of growth for the full year 2011-12 would be nearer to 7% which, barring 2008-09, would be the lowest growth in nine years. Though India's rate of economic growth was still high when compared globally but the complete reversal from the upward swing evidenced in the previous two years not only affected certain sectors in real terms but also led to a general negative outlook which indirectly led to further depressed market sentiment. Various factors lead to this unforeseen down turn. Part of the reasons for the slowdown are due to global factors like the Euro zone crisis, recession in Europe, sluggish growth rate in industrialized nations like USA, stagnation in Japan, political crisis in the Middle East and of course the rise in the international prices of crude oil which invariably has a major adverse effect on the Indian economy.

To add to the woe, the country was faced with a galloping rate of inflation which crossed the double digit mark. The year 2011-12 started with 9.7% inflation which touched double digits in September 2011 and thereafter declined to 6.6% in January 2012. The major factors contributing to such inflation was due to high prices of vegetables, eggs, meat and fish due to change in dietary pattern of rural households, increasing global commodity prices leading to higher cost of production and continuous high prices of crude oil. Since reigning in the unbridled inflation became the dominant objective, the Reserve Bank of

India hiked the Repo rate 13 times from March 2010 to January 2012 cumulatively by 375 basis points. Consequently, the year witnessed a sharp increase in interest rates that resulted in higher cost of borrowings. The resultant erosion in profit levels and the depletion of internal accruals resulted in lower investments and growth, especially in the manufacturing sector.

Industrial growth suffered a real set-back with production in eight core industries growing by merely 0.5% in January 2012 as compared to 6.4% in January 2011. The cumulative growth in 2011-12 is estimated to be 4% as compared to nearly 6% of the previous year. Though coal, fertilizers, cement and electricity showed some positive trend the other four sectors, viz. crude oil, natural gas, refinery products and steel registered a sharp decline.

The continuing uncertainties in the international foreign markets and the depressed global economic scenario also had its toll on the Indian economy. The sovereign risk concerns in the Euro area, especially with the overhang of Greece's sovereign debt, spread to India and other economies which had a volatile effect. Constraints in the International foreign markets is likely to adversely impact the availability and cost of foreign funding both for banks and companies in India who have been somewhat dependent on the offshore funding options. Indian Banks however, remained robust inspite of the spurt in the non-performing asset levels. During 2011-12 the Rupee depreciated by over 14% against the US\$, 13% against the Sterling Pound, 8% against the Euro and 15% against the Japanese Yen which had a cascading effect on the already high imported commodity prices.

The Indian markets also saw a large decline in the in-flow of funds from the Foreign Institutional Investors partly due to the concerns over the longer term impact of higher current account deficits and partly due to risk aversion to invest in volatile markets. The flight of capital by foreign investors was also influenced by the melt down in Europe. Near recessionary growth rates also added to this negative sentiment.

However, inspite of the difficult situation in the global economy, the country's exports continue

to be quite robust and in the current year it registered a growth of over 14% in real terms and nearly 23% as compared to the previous year. International Trade currently accounts for 53% of the GDP and therefore such sharp increase in exports is definitely a redeeming factor. The export markets witnessed such high growth during the year inspite of the deceleration in the core economies in the Euro area. The major factor for this is due to the diversification in India's export and import markets. The share of Asia and ASEAN countries in total trade increased from 33% in 2000-01 to over 57% in 2011-12 while that of Europe and America fell from 27% to 19%. This helped India substantially to weather the global crisis emanating from Europe and America. Since 2008-09, instead of USA, UAE has become India's largest trading partner followed by China. Further, agriculture and the service sectors performed well during the year and slowdown was mainly driven by weak industrial growth.

To counteract the flight of capital by foreign investors the Government has allowed Qualified Foreign Investors (QFIs) to directly invest in the equity markets which would not only widen the investor basis, but also attract more foreign funds to reduce market volatility and deepen the Indian Capital Markets.

A much awaited respite came at the beginning of the current financial year when the Reserve Bank of India reversed the Repo rate by 50 (fifty) basis points. Industry is hopeful that the Repo rate would be reduced further which would lead to increase in liquidity and give the much needed appetite for new investments to spur industrial growth.

After countering economic slowdown twice in quick succession within a span of four years, since the end of 2011-12 there seems to be a slow but steady turnaround in manufacturing sector and one looks forward to the near term future with cautious optimism. However, there are major areas of concern – the widening budgetary deficit, slowdown in the reforms programmes and the looming spectre of possible debt defaults by some of the weaker Eurozone countries.

#### **Industry Structure and Development**

The domestic Battery Industry suffered a definite set-back during the period under review. Apart from the automobiles, telecom, infra-structure and export sectors continued to be sluggish. Though

automobile sector had a higher growth towards the end of the financial year but it was quite modest compared to the rapid rate of growth achieved in 2010-11. Passenger vehicles segment grew by less than 5% as compared to a 29% growth in the previous year whilst commercial vehicles registered a growth of 18%. Passenger cars grew by only 2% whilst three-wheelers recorded a **de-growth** of around 3% as compared to a 26% growth in the previous year. Domestic sales of automobiles grew by 12%. Inflationary pressures, rise in the price of petrol and high cost of borrowings generally depressed the overall demand generation and were instrumental for the lower growth.

As per the current indications, the automobile industry is poised for challenging times with uncertainties on the demand side in coming months, which hopefully is only a short term phenomenon. We believe that the total automobile market is expected to grow by double digits annually for the next 5 years.

As stated in our earlier Directors' Report, India is emerging as a small car hub in the Asia Pacific region. This is now evident since all the major international automobile manufacturers have registered their presence in India and have started manufacturing small cars in this country. These companies are either setting up or expanding their existing manufacturing base not only to enter the domestic market but also for exports. India is gradually becoming a major manufacturing base for export of passenger cars as well as other utility vehicles and tractors. Availability of trained manpower at reasonable wage levels, recession in the industrialized nations, stagnation in Japan and China and a relatively large domestic market is making India a much more attractive destination. It is forecast that by 2020 India would be one of the top five automobile manufacturing countries in the world. These positive developments in the automobile sector would augur well for the domestic battery industry.

As for industrial battery segment, the recurring power shortages on the top of demand versus supply gap in Grid power, provides a robust demand for Home UPS batteries in the foreseeable future. Further, inspite of delays in commissioning or postponement of projects, infrastructure continues to be a major focus area of the Government. Modernization of Railways and setting-up of Nuclear Power Plants, though encountering initial teething problems, is