



CHAIRMAN

Sri. N. GOPALARATNAM

DIRECTORS

Sri. R. VAIDYANATHAN

Sri. A.L. SOMAYAJI

CMDE R.P. PREM KUMAR, VSM, (Retd.)

Smt. D. VIJAYALAKSHMI, Nominee of LIC

MANAGING DIRECTOR

Sri. S. SRIDHARAN

SECRETARY

Sri. S.V. RAJU

AUDITORS

M/s. R. SUBRAMANIAN AND COMPANY, Chennai

INTERNAL AUDITORS

M/s. MAHARAJ N.R. SURESH & CO., Chennai

BANKERS

UCO BANK

CANARA BANK

INDIAN BANK

REGISTERED OFFICE

"Esvin House", Perungudi,
Chennai - 600 096.

PLANT

Pakkudi Road, Mathur - 622 515
Pudukkottai District.

CONTENTS

	Page
Notice of Annual General Meeting	3
Directors' Report	5
Auditors' Report	15
Balance Sheet	18
Profit and Loss Account	19
Profit and Loss Appropriation Account	20
Schedules	21
Cash Flow Statement	45



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 49th Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 10.30 AM on Thursday, the 22nd July 2010 at Hotel NEW WOODLANDS 72-75 Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010.
2. To elect Directors:
 - a) To appoint a Director in the place of Sri. N Gopalaratnam, who retires by rotation and being eligible, offers himself for re-election.
 - b) To appoint a Director in the place of Smt. D. Vijayalakshmi, Nominee of LIC, who retires by rotation and being eligible, offers herself for re-election.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. M/s. R Subramanian and Company, Chennai, the retiring Auditors are eligible for reappointment.

(By Order of the Board)
for HIGH ENERGY BATTERIES (INDIA) LIMITED

S.V. RAJU
Secretary

Chennai
May 29, 2010

NOTES

- A. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself and such proxy need not be a member of the Company.
- B. Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting i.e., 10.30 AM on 20th July 2010.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 17th July 2010 to Thursday, the 22nd July 2010 both days inclusive.
- D. Members holding shares in Physical Form are requested to notify promptly any change in their address to the Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Chennai - 600002 by quoting their Membership Number. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.
- E. Members are requested to bring the attendance slips duly filled in along with their copies of Annual Reports to the Meeting.
- F. Members holding shares in Demat form are requested to bring in their details of DP ID and Client ID for ease of identification and recording of attendance at the meeting.

Appointment / Reappointment of Directors :

Details on Directors seeking appointment/reappointment are furnished hereunder:-

Name of Director	Date of Birth	Date of First appointment	Expertise in specific functional areas	Qualification	Directorships in other companies (excluding foreign companies)	Committee/ Executive positions held in other companies
REAPPOINTMENT						
Sri. N. Gopalaratnam	15.04.1947	06.06.1991	Long and varied experience in management of projects, operations and overall management of diverse industries engaged in Pulp, Paper, Sugar and Batteries.	B.Sc., B.E., (Mechanical Engg.)	Chairman and Managing Director Seshasayee Paper and Boards Ltd. Chairman Ponni Sugars (Erode) Ltd. SPB Projects and Consultancy Ltd. Esvi International (Engineers & Exporters) Ltd. Time Square Investments Pvt. Ltd.	Chairman Securities Transactions cum Investor Grievance Committee and Finance Committee in Ponni Sugars (Erode) Ltd. Member Share Transfer & Shareholders/ Investors Grievance Committee, and Project Committee in Seshasayee Paper and Boards Ltd. Remuneration Committee in Ponni Sugars (Erode) Ltd.
Smt. D. Vijayalakshmi	01.06.1953	09.06.2007	Held varied administrative positions in LIC	M.A. (Economics)		



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 49th Annual Report together with the Balance Sheet and the Profit and Loss Account for the year ended 31st March, 2010.

OPERATING RESULTS

The Company's financial performance under review is summarised below:

	(Rs. in lakhs)			
	For the year Ended			
	2009 - 2010		2008 - 2009	
Sales		2744.04		2416.80
(Net of Excise Duty and VAT/Sales Tax)				
PROFIT before interest depreciation and tax		169.66		364.71
Less:				
1. Interest	304.12		148.16	
2. Depreciation	139.95	444.07	57.59	205.75
PROFIT / (LOSS) BEFORE TAX		(274.41)		158.96
Less:				
Provision for Taxation Current (including Wealth Tax & Fringe Benefit Tax)	0.36		8.32	
Deferred Tax	(93.97)	(93.61)	53.40	61.72
NET PROFIT/ (LOSS)		(180.80)		97.24

Despite an increase in the overall sales at Rs.2744.04 lakhs (net of Excise Duty and VAT and Sales Tax) compared to Rs.2416.80 lakhs on year-on-year basis, profit before interest, depreciation and tax has more than halved to Rs.169.66 lakhs for the year under review.

Spiralling costs of almost all the inputs used in the manufacture of Silver Zinc / NiCd products coupled with extremely competitive prices of your Company's products had resulted in deep erosion of margins and profitability.

The Company also had to bear the burden of higher interest and financing charges (Rs.155.96 lakhs) and higher provision for depreciation (Rs. 82.36 lakhs) arising out of commissioning of Lead Acid Battery (LAB) plant during the year.

DIVIDEND

As the Company has incurred a loss, the Directors regret their inability to recommend any Dividend for the year under review.

PERFORMANCE HIGHLIGHTS

SILVER ZINC BATTERIES

The Company recorded a turnover of Rs. 2274.15 Lakhs during this year as against Rs. 2169.00 Lakhs during the previous year, registering an increase of 4.85%. However, as stated earlier, margins were under deep stress.

NICKEL CADMIUM BATTERIES

The turnover was Rs.435.58 Lakhs compared to Rs.132.00 Lakhs during the last year. In the back drop of stiff competition experienced in securing orders from local sources, export orders for supply of Aircraft Batteries significantly contributed to the increase in turnover compared to last year. However, due to steep increase in the cost of imported materials, margins were again under stress.

LEAD ACID BATTERIES

Lead Acid Batteries for all ranges of Passenger cum Light Commercial Vehicle (LCV) sectors ranging from 32 Ah to 80 Ah were manufactured and Customer Feedback /Field Evaluation Reports are quite encouraging.

However due to intense competition from well established players in this field, sales is yet to show appreciable volume. The turnover for

DIRECTORS' REPORT TO THE MEMBERS (Continued)

the year has therefore been low at Rs. 31.12 lakhs.

VRLA (Valve Regulated Lead Acid) Batteries, 26 Ah & 65 Ah types have been developed for mid-range online UPS (Uninterrupted Power Supply). Based on the satisfactory customer evaluation reports, the business for VRLA types is expected to be in place by end of September 2010.

Fuel Cell

Continued production of stacks for Fuel Cells has been kept in abeyance on account of modification needed in the process and requirement of additional machinery for undertaking manufacture of large size electrodes.

CURRENT YEAR - 2010-11

Alive to the problems of operating in a highly competitive and challenging market environment, the company is in the process of strengthening its marketing and distribution set up for improving the off take of LAB products. With this initiative, the company hopes to report better results in the coming year.

Simultaneously efforts have also been undertaken to secure orders for the Silver Zinc and NiCd products with better margins.

Considering the orders on hand and orders expected to be received both from domestic and overseas markets, the company hopes to achieve better performance, both in terms of turnover and profits.

FINANCE

During the year under review, the company secured sanction for a short term loan of Rs. 150 lakhs for meeting the working capital requirements. Repayment of Inter Corporate Deposit of Rs. 100 lakhs was made during this year. The company also availed the entire term

loan of Rs 1000 lakhs sanctioned by the bankers for LAB project. The bankers, at the request of the company, rescheduled the repayment terms of the term loan.

ISO SYSTEMS

The company has upgraded to ISO 9001:2008 certification and continues to be certified under ISO 14001:2004.

RIGHTS ISSUE

The issue was over subscribed. The allotment of shares was completed and the shares have also been listed on the Bombay Stock Exchange (BSE).

RESEARCH AND DEVELOPMENT

Development of new types of Silver Zinc batteries for advanced missile applications was taken up and the same was demonstrated successfully, to the satisfaction of the customer.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors in terms of Section 217(2AA) of the Companies Act, 1956 confirm that:

- (i) all applicable accounting standards have been followed in the preparation of the annual accounts;
- (ii) the Company has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of 31st March 2010 and of the Loss of the Company for year ended that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the latest provisions of the Act for



DIRECTORS' REPORT TO THE MEMBERS (Continued)

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and

- (iv) the annual accounts have been prepared on a "going concern" basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding Conservation of Energy and Technology Absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in Annexure I and forms part of this Report.

EMPLOYEES

No employee of the Company was in receipt of remuneration in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2009-10.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial.

DIRECTORS

In accordance with Article 106 of the Articles of Association of the Company, Sri. N.Gopalaratnam and Smt. D. Vijayalakshmi Directors, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Though the code of Corporate Governance is not applicable to the Company, utmost importance has been given to good Corporate Governance in all its activities.

A separate note on Corporate Governance is provided in Annexure II.

AUDITORS

M/s. R Subramanian and Company, Chartered Accountants, Chennai, Auditors of the company retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Necessary Resolution for their appointment under Section 224 of the Companies Act, 1956 is being placed at the ensuing Annual General Meeting for this purpose.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to

- i) the Defence Services, DRDO Laboratories, ISRO and Ministry of Defence for the whole-hearted support and encouragement received from them for indigenisation efforts on sophisticated high energy batteries;
- ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- iii) the Bankers for their understanding, guidance and assistance and
- iv) to all the shareholders who have reposed faith in us, in our diversification efforts into Lead Acid Battery project.

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 29, 2010

**DISCLOSURE IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS)
RULES, 1988.**

A. CONSERVATION OF ENERGY

The Company is not in the list of industries specified in the Schedule.

B. TECHNOLOGY ABSORPTION

**1. Research and Development
(Totally in-house)**

- Development of High Rate Silver Oxide Zinc Batteries for under water propulsion in Primary and Secondary areas.
- Development of space quality High Rate Silver Zinc Cells.
- Development of Primary activated Reserve Type Silver Zinc Batteries for Aerospace applications.
- Development of Nickel Cadmium Batteries for communication sets.
- Development of Silver Chloride Magnesium sea water activated Batteries for sonobuoy application.
- Development of Fibre Technology Nickel Cadmium Batteries for Rail Road Standby power and UPS applications.
- Development of process for treatment of separator systems.
- Development of Nickel Metal Hydride Batteries.
- Development of Fuel Cell.
- Development of Cuprous Chloride Batteries.
- Development of Automotive & Valve Regulated Lead Acid batteries.
- Development of Nerve Agent Detector System.
- Development and production of catalyst.

2. Benefits derived as a result of above R & D

1. The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
2. The batteries developed in-house were also exported and thus earned foreign exchange.
3. Upgradation of technology to match the advancement in developed countries.
4. Indigenisation and self reliance in the critical field of batteries for defence.
5. Diversification through commercialisation of Lead Acid Batteries.

3. Future Plan of Action

To continue Research and Development in the areas mentioned in Para B1.

4. Expenditure on R & D during the year

	<i>Rs. in lakhs</i>
Capital	1.80
Recurring	59.07
Total	60.87

5. Technology Absorption and Adoption
During the year under review, no overseas technology was acquired.

6. Foreign Exchange Earnings and Outgo

a) Earnings	Rs. 774 lakhs
b) Outgo	Rs. 731 lakhs

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 29, 2010



Annexure II

ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

Corporate Governance includes, among other things, apart from compliance with various legal requirements, inculcating a sense of integrity and responsibility in all aspects, not only among the members of the Board of Directors, but amongst the people in all levels of the organization. Only such a culture which results from voluntary compliance at all levels and amongst all ranks of employees, that is built and sustained over a period of time, can result in compliance that is true to the spirit of law, and not just its letter.

Furthermore, such a corporate governance

culture will help in constantly reminding the management that they are, but only, trustees of shareholders' capital. Like in any other aspect in the company form of business, the Board is the core of the Corporate Governance philosophy, with the responsibility to ensure that the management serves and protects the best and long term interests of all the stakeholders.

Board of Directors

The Board of Directors consists of 6 Directors, of whom only the Managing Director is in whole time employment of the Company. All other Directors are Non-Executive Directors of the Company.

Number of Board Meetings and Directors' Attendance Record

Name of Director	Date of Initial Appointment	Category	Attendance at Board Meetings during 2009 - 2010		As on 31 st March 2010 (Including HEB)			Attendance at last AGM
			No. of Meet-ings	%	No. of Director-ships	Committee Position		
						As Chairman	As Member	
Sri. N. Gopalaratnam	06-06-1991	Non-Executive Chairman, Promoter	5	100	6	5	4	YES
Sri. S. Sridharan	01-04-2002	Managing Director	5	100	1	-	3	YES
Sri. R. Vaidyanathan	27-09-1961	Promoter	5	100	2	1	2	YES
Sri. A.L. Somayaji	23-03-2002	Independent	4	80	3	-	-	NO
Commodore R.P. Prem Kumar (Retd.)	08-06-2002	Independent	5	100	1	-	2	YES
Smt. D. Vijayalakshmi	23-03-2007	Nominee of Life Insurance Corporation of India - Independent	5	100	1	-	1	YES

Board Meetings

During the year 2009-10, 5 Board Meetings were held on 06.06.2009, 18.07.2009, 24.10.2009, 23.01.2010 and 27.03.2010. The last Annual General Meeting was held on 18.07.2009.

Audit Committee

The code of Corporate Governance is not applicable to our Company. Hence, the Company has not constituted any Audit Committee. The Board and the Managing Director deal directly with the Statutory and Internal Auditors and take appropriate decisions.

Shareholders / Investors

Grievance Committee

The Shareholders/Investors Grievance Committee was constituted on 30.07.2001, immediately upon inclusion/amendment to Clause 49 of the Listing Agreement with the Stock Exchanges. The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, subdivisions and consolidation of securities complying with SEBI Regulations and Listing requirements and redressal of investors' grievances. Further, to ensure speedy processing of regular securities transactions pertaining to small investors, the Board has delegated powers to the Managing Director and the Secretary.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 5 times during the previous year on 06.06.2009, 18.07.2009, 24.10.2009, 23.01.2010 and 27.03.2010.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	5	100
Sri. S. Sridharan	Member	5	100
Sri. R. Vaidyanathan	Member	5	100

Project Steering Committee:

The Project Steering Committee was constituted on 19.01.2007. The Committee has successfully completed its role for implementation of Lead Acid Battery Project during the year under review.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 2 times last year on 16.05.2009 and 14.07.2009. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Sri. N. Gopalaratnam	Chairman	2	100
Sri. S. Sridharan	Member	2	100
CMDR.P. Premkumar	Member	2	100

Remuneration Committee

The Remuneration Committee comprises of 3 Non-Executive and Independent Directors. The Remuneration Committee is vested with all the necessary powers and authority to ensure remuneration of whole-time Director(s) is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

Rights Issue Committee

The Rights Issue Committee was constituted