

**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

EXECUTIVE DIRECTOR

Dr. G.A. PATHANJALI

SECRETARY

Sri. S.V. RAJU

VICE PRESIDENT (FINANCE)

Sri. T. R. SIVARAMAN

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.

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NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 51st Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M on Saturday, the 4th August 2012 at **Hotel Benzz Park, 62, Thirumalai Pillai Road, T. Nagar, Chennai 600 017**, 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, 2012 and the Profit and Loss Account for the year ended 31st March, 2012.
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 Cmde. R P Premkumar who retires by rotation and being eligible, offers himself 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.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass the following Resolution with or without modification as SPECIAL RESOLUTION:

RESOLVED THAT in accordance with the provisions of Sections 269, 309, 198, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as per Article 146 (B) of the Articles of Association of the Company and subject to such approvals as may be necessary, approval of the Members of the Company be and is hereby accorded to the appointment of Dr. G A Pathanjali as a Whole time Director designated as Executive Director of the Company from May 30, 2012 to March 31, 2015 on the terms and conditions set out below:-

HIGH ENERGY

BATTERIES (INDIA) LIMITED

NOTICE TO THE SHAREHOLDERS

1	Period	30.05.2012 to 31.03.2015
2	Remuneration	
	a. Salary	₹ 80,000/- (Rupees Eighty Thousand only) per month including Dearness Allowance and all other allowances.
	b. Commission	Equivalent to one percent of the net profits of the Company subject to a ceiling of an amount equal to the annual salary.
3	Perquisites	Perquisites will be in addition to salary and commission and shall be restricted to an amount equal to the annual salary.
	a. House Rent Allowance	₹ 12,000/- (Rupees Twelve Thousand only) per month.
	b. Gas, Electricity, Water and Furnishings	The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of the salary .
	c. Medical Reimbursement	Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
	d. Club Fees	Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.
	e. Personal Accident Insurance	Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 5,000/- (Rupees Five Thousand only) per annum.
	f. Contribution to Provident Fund and Superannuation Fund	<p>a) Company's contribution towards Provident Fund as per the Rules of the Company.</p> <p>b) Company's contribution towards Superannuation Fund as per the Rules of the Company.</p> <p>Contribution to Provident Fund and Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income tax Act.</p>
	g. Gratuity	As per the Rules of the Company.
	h. Leave Salary	As per the Rules of the Company. Leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
	i. Use of Car and Telephone	Car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company.
4	Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Executive Director shall be paid a special allowance of ₹ 5,00,000/- (Rupees Five Lakhs only) per year in addition to salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule – XIII of the Companies Act, 1956. No commission is payable in such year.



NOTICE TO THE SHAREHOLDERS

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to revise the remuneration including commission and perquisites from time to time, within the limits, prescribed in Schedule - XIII of the Companies Act, 1956, or any amendment or any statutory modifications thereto.

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

S.V. RAJU
Secretary

Chennai
May 30, 2012

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.

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., 11.00 AM on 2nd August 2012.
- C. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 28th July 2012 to Saturday, the 4th August 2012 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

EXPLANATORY STATEMENT

(As required under Section 173(2) of the Companies Act,1956)

Item No.4:

The Board of Directors co-opted Dr. G A Pathanjali as an Additional Director in the Board with effect from 30th May 2012 under Section 260 of the Companies Act,1956 and then appointed him as Whole Time Director, designating as Executive Director.

Dr. G A Pathanjali, aged 52 is a Chemical Engineer from Annamalai University and did his M Tech(Chemical Engineering) from IIT Kanpur. Dr Pathanjali received his Doctorate in the year 1995 from IIT Mumbai for his successful thesis "Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol-Air Fuel Cell". He was inducted in the R&D wing of our Company in 1983. He completed his first assignment successfully in establishing the Nickel Cadmium process.

He took over R&D when the present Managing Director, Sri S Sridharan moved to Main Plant as Head Operations. During his tenure as Head (R&D), he has guided number of development activities which had been productionised. He has also initiated the development of Silver Chloride Magnesium Sea Water Activated Batteries for A 244S torpedo and AET batteries to NSTL. He was promoted as Head Operations after the elevation of Sri S Sridharan as Executive Director. He is looking after Production, Maintenance, Procurement, Administration, R&D etc successfully since 2002. Even during difficult period of stiff competition, he could successfully steer several programmes such as Cuprous Chloride Magnesium Battery, Fuel Cells and batteries for BrahMos.

He has played a key role in the Lead Acid Battery Plant in establishing the manufacturing

process and in the selection of suitable Machinery. He has also established QA & QC system. He interacts with customers on day to day basis and ensuring continual improvement. He is a skillful negotiator with customers and his equation with employees and the executives is good. He is sincere and hard working.

Dr. G A Pathanjali has filed with the Company his consent under Section 264(1) of the Companies Act, 1956, to act as Director, if appointed.

The remuneration of Dr. G A Pathanjali has been approved by the Remuneration Committee of the Board of Directors and the terms of appointment are subject to the approval by resolution of the shareholders in a General Meeting in terms of Part III of the Schedule XIII.

The Board of Directors will also be at liberty to alter, vary and revise the remuneration including commission and the perquisites from time to time within the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or statutory modifications thereto.

A copy of the Board Resolution in this regard is available for inspection by the Members at the Registered Office of the Company between 11.00 AM and 1.00 PM on any working day.

No Director other than Dr. G A Pathanjali is concerned or interested in this item of business.



Statement containing required information as per Para (B) of Part II of Section II of Schedule XIII to the Companies Act, 1956

I. GENERAL INFORMATION

- (1) Nature of Industry
Manufacturer of Aerospace, Naval, Power System Batteries and Lead Acid Storage Batteries.
- (2) Date of commencement of commercial Production
December 1979
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus
Not Applicable
- (4) Financial performance based on given indicators
(₹ in lakhs)

Particulars	2011-12	2010-11	2009-10
Net Sales	5532	3416	2744
Profit before interest, Depreciation & Tax	709	343	170
Profit Before Tax	55	(143)	(274)
Profit After Tax	39	(44)	(181)
Dividend (%)	Nil*	Nil	Nil

*Recommended by Board

- (5) Export performance and net foreign exchange collections.
(₹ in lakhs)

Particulars	2011-12	2010-11	2009-10
FOB value of exports	2766	1947	774
CIF value of imports	1793	1376	692
Expenditure in foreign currency	21	13	38
Net foreign exchange earnings	2745	1934	736

- (6) Foreign investments or collaborators, if any

Nil

II. INFORMATION ABOUT THE APPOINTEE

- (1) Background details
Dr G A Pathanjali aged 52 is a Chemical Engineer from Annamalai University and did his Post Graduation M.Tech (Chemical Engineering) from Indian Institute of Technology (IIT), Kanpur. He has obtained Doctorate in "Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol-Air Fuel Cell" in the year 1995, from Indian Institute of Technology (IIT), Mumbai.
- (2) Past remuneration
Not Applicable
- (3) Recognition or awards
The company received National Awards for its R&D efforts from Department of Scientific Industrial Research, Ministry of Science & Technology, New Delhi and many other appreciations for development of batteries for missiles. Dr. G.A. Pathanjali has contributed major role for the above achievements.
- (4) Job profile and his suitability
Dr. G.A. Pathanjali has served in various capacities from Development Engineer to Vice President and then closely associated with all the development of major products in Silver Zinc and Nickel Cadmium, particularly in productionisation of nickel cadmium batteries for AN32, Mi8, Sukhoi, TU142 aircraft. The development and production of Silver Chloride Magnesium and Cuprous Chloride Batteries are completed during his tenure.

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He was promoted as Vice President (Operations) of the Company, looking after Production, Maintenance, Procurement, R&D, Administration etc., since 2002 and he is carrying forward successfully.

In the Lead Acid Battery Plant, he has played a key role in establishing the manufacturing process, selection of suitable machinery and also QA & QC system. He had been interacting with the customers on day to day basis to get the feed back and established a system for continual improvement.

(5) Remuneration proposed

As set out in the Explanatory Statement above.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)

Considering the profile of Dr. G.A. Pathanjali and current trend of compensation package in corporates, the remuneration proposed is moderate.

(7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Dr. G.A. Pathanjali holds 100 Equity shares in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He is not related to any managerial personnel.

III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits

Spiraling costs of almost all the inputs used in the manufacture of Silver Zinc, Nickel Cadmium and Lead Acid Battery products coupled with ever increasing finance cost, the profit margin of company's product suffered to maximum extent. Further, penetration of market for the new Lead Acid Battery products has to bear fruits for capturing required share in the market.

(2) Steps taken or proposed to be taken for improvement

The company has achieved sizable turnover in export for the year 2011-12 and expect further potential to increase export market. For Lead Acid Battery products, the aggressive marketing by opening depots at various places coupled with increased production and cost reduction, the company expects sizable turnover and better profitability.

(3) Expected increase in productivity and profits in measurable terms

Anticipated increase in turnover in both indigenous and export markets in Main Plant and higher turnover on account of aggressive marketing in the Lead Acid Battery Plant will lead to reasonable profitability.

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

S.V. RAJU
Secretary

Chennai
May 30, 2012



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
APPOINTMENT						
Dr. G.A. Pathanjali	26.07.1959	30.05.2012	Varied experience in Management of projects, operations and General Management in the Battery Industry	B.E. M.Tech., Ph.D	-	-
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. Director SPB Papers Limited	Chairman Securities Transactions cum Investor Grievance Committee and Finance Committee in Ponni Sugars (Erode) Ltd. Member Share Transfer & Shareholders/ Investors Grievance Committee in Seshasayee Paper and Boards Ltd. Remuneration Committee and Project Committee in Ponni Sugars (Erode) Ltd.

HIGH ENERGY

BATTERIES (INDIA) LIMITED

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
CMDER.P. Premkumar, VSM (Retd.)	12-01-1945	08-08-2002	<p>He has coordinated various classified projects and R&D programmes at the national level.</p> <p>He dealt with day-today operations of surface ship aircrafts and submarines.</p> <p>He was responsible in establishing Quality Assurance system in strategic weapon manufacturing.</p> <p>He represented government in various committees for negotiation, execution of Naval Weapons.</p> <p>Awarded the Vishisht Seva Medal by the President of India.</p>	Graduate in Science. Naval Technical Staff Course (Equivalent to M.Tech.)	-	-



DIRECTORS' REPORT TO THE MEMBERS

The Directors hereby present their 51st Annual Report together with the Balance Sheet and the Profit and Loss Account for the year ended 31st March, 2012.

OPERATING RESULTS

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

	(₹ in lakhs)			
	For the year Ended			
	2011 - 2012		2010 - 2011	
Sales (Net of Excise Duty and VAT / Sales Tax)	5532.27		3415.55	
PROFIT before Interest, depreciation and tax	610.38		343.41	
Less:				
1. Interest	390.73		316.71	
2. Depreciation	165.02	555.75	169.86	486.57
PROFIT / (LOSS) BEFORE TAX	54.63		(143.16)	
Less:				
Provision for Taxation Current Tax	-		-	
Deferred Tax	(15.52)		51.86	
Excess provision for tax written back	-	(15.52)	47.11	98.97
NET PROFIT / (LOSS)	39.11		(44.19)	

The company achieved an overall sales (Net of Excise Duty, VAT and Sales Tax) of ₹ 5532.27 lakhs as compared to ₹ 3415.55 lakhs on year-on-year basis.

Profit before interest, depreciation and tax moved up almost in tandem with Sales.

However additional borrowings for meeting the enhanced production level of Lead Acid Batteries and the need for procurement of Silver at exorbitant prices for production of increased number of Silver Zinc Batteries contributed to the increase in the Financing Cost.

Depreciation was slightly lower at ₹ 165.02 lakhs

DIVIDEND

In view of inadequacy of profit, 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 ₹ 4543.92 lakhs during this year as against ₹ 3098.74 lakhs during the previous year, registering an increase of 46.63% contributing better margin to the company.

NICKEL CADMIUM BATTERIES

The turnover was ₹ 31.38 lakhs compared to ₹ 78.85 lakhs during the last year. The reduction in turnover is due to stiff and unhealthy competition.

LEAD ACID BATTERIES

The turnover was ₹ 956.97 lakhs (includes export of ₹ 11.69 lakhs) compared to ₹ 237.95 lakhs last year. The Company has established depots in Chennai, Bangalore, Cochin and Hyderabad and is in the process of setting up depots in Jaipur and Kanpur. As mentioned in the earlier report, the Company has also added DIN Series Batteries and two types of VRLA batteries to the product range, which started contributing to the turnover. The company has identified both domestic and international suppliers for outsourcing and expects to achieve higher turnover during the current year.

All efforts are taken to increase the production and sales. This requires balancing of machines, streamlining of process like curing and charging, identifying required storage space, sourcing the materials and realisation of Debtors on time. While the above steps were already taken, more improvements will be made to achieve the desired results during the current year.

DIRECTORS' REPORT TO THE MEMBERS (Continued)

EXPORT

During the year the company has achieved a turnover of ₹ 2766.05 lakhs compared to ₹ 1947.73 lakhs in the last year registering an increase of 42%. This increase is due to commencement of supply of batteries to OEM after successful development. The company is also expecting further orders from OEM Company. Efforts are also being taken to get orders from other avenues in the export market. It is to be noted that Lead Acid Battery Division has also contributed to export turnover to the tune of ₹ 11.69 lakhs for export to Middle East Countries.

CURRENT YEAR - 2012-13

With the Orders on hand and the orders expected during the current year both in domestic and export market, the company expects to achieve better turnover in Silver Zinc Division. The company is also putting in special efforts to secure orders for Nickel Cadmium Division for achieving a reasonable turnover. The company is taking necessary steps to open sales depots in various places for widening the customer access to Lead Acid Batteries. Few manufacturers have been identified to outsource batteries to provide complete range of batteries as desired in the market to increase the turnover in Lead Acid Battery Division.

The company is also gearing itself to control cost of materials and other avenues to maximize profits from the operations.

FINANCE

Despite timely receipt of advances and dues from customers both from domestic and export orders the cash flow continued to remain tight. However, Inter Corporate Deposit of ₹ 50 lakhs availed from the group companies was repaid.

ISO SYSTEMS

The company continues to be certified both under ISO 9001:2008 and ISO 14001:2004 (Revised) Systems.

RESEARCH AND DEVELOPMENT

The company is glad to report that it has supplied batteries for the flight test of the 'Agni Missile' which has been successful and has also received 'an Appreciation Letter' from the Advanced Systems Lab. Development of battery for heavy weight torpedo developed by NSTL is under progress and the prototype being type tested. The company is also glad to report that trials on BrahMos battery was successful.

All missile batteries developed are being productionised.

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 2012 and of the profit 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (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



DIRECTORS' REPORT TO THE MEMBERS (Continued)

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 1 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 2011-12.

INDUSTRIAL RELATIONS

Industrial relations continued to be cordial.

DIRECTORS

Dr. G.A. Pathanjali, Vice President (Operations) was co-opted as an Additional Director and was appointed as Whole-time Director and designated as Executive Director of the Company from 30th May 2012. Necessary Resolution is placed before the Members for their approval.

In accordance with Article 106 of the Articles of Association of the Company, Sri N. Gopalratnam and Cmde. R. P. Premkumar 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 & Co., Chartered Accountants, Chennai, Auditors of the

company retire at the conclusion of the ensuing 51st 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 51st Annual General Meeting for this purpose.

COST AUDIT

Pursuant to Section 233-B of the Companies Act, 1956, and Cost Audit Circular F.No.52/26/CAB-2010 dated 24th January 2012 that the company shall get its cost accounting records audited by a Cost Auditor from the financial year commencing on or after 1st April 2012. Mr. S Hariharan, Cost Accountant, Trichy was appointed as Cost Auditor for the Financial year 2012-13. The Cost Audit Report will be submitted to the Central Government before the due date.

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 extending timely financial support for the continued successful performance of the Company and
- iv) to all the shareholders who have reposed faith in us.

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 30, 2012

**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 Aero Space 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>₹ in lakhs</i>
Capital	9.02
Recurring	55.93
Total	64.95

5. Technology Absorption and Adoption

During the year under review, no overseas technology was acquired.

6. Foreign Exchange Earnings and Outgo

a) Earnings	₹ 2766 lakhs
b) Outgo	₹ 1814 lakhs

(For the Board of Directors)

N. GOPALARATNAM
Chairman

Chennai 600 034
May 30, 2012



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 at 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 7 Directors, of whom, Sri S Sridharan, Managing Director and Dr. G A Pathanjali, Executive Director are 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 2011 - 2012		As on 31 st March 2012 (Including HEB)			Attendance at last AGM
			No. of Meetings	%	No. of Director -ships	Committee Position		
						As Chairman	As Member	
Sri. N. Gopalaratnam	06-06-1991	Non- Executive Chairman, Promoter	5	100	7	3	3	YES
Sri. S. Sridharan	01-04-2002	Managing Director	5	100	1	-	1	YES
Sri. R. Vaidyanathan	27-09-1961	Promoter	5	100	2	-	1	YES
Sri. A.L. Somayaji	23-03-2002	Independent	4	80	3	1	-	YES
Commodore R.P. Prem Kumar (Retd.)	08-06-2002	Independent	5	100	1	-	1	YES
Smt. D. Vijayalakshmi	23-03-2007	Nominee of Life Insurance Corporation of India - Independent	4	80	1	-	1	YES
Dr. G.A. Pathanjali	30-05-2012	Executive Director	NA	NA	NA	NA	NA	NA

HIGH ENERGY BATTERIES (INDIA) LIMITED

Board Meetings

During the year 2011-12, 5 Board Meetings were held on 28.05.2011, 16.07.2011, 29.10.2011, 11.02.2012 and 29.03.2012. The last Annual General Meeting was held on 16.07.2011.

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 consolidations 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 28.05.2011, 16.07.2011, 29.10.2011, 11.02.2012 and 29.03.2012.

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

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 that remuneration of whole-time Director(s) is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

Committee Minutes

The minutes of the Committee meetings are prepared by the Secretary, approved by the Chairman of the Meeting and the same are circulated to the Board in the succeeding meeting and recorded thereat.

Remuneration of Directors

The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee for attending the Board/Committee Meetings are as under:-

Director	Amount in ₹		
	Sitting Fee for		Total
	Board Meeting	Committee Meeting*	
Sri. N. Gopalaratnam	15000	15000	30000
Sri. R Vaidyanathan	15000	15000	30000
Sri. A L Somayaji	12000	-	12000
Cmde. R P Prem Kumar	15000	-	15000
Smt. D Vijayalakshmi Nominee of LIC	12000	-	12000

* Shareholders / Investors Grievance Committee Meetings



Disclosures

Materially significant related party transactions having potential conflict with the interest of the Company at large;

None

Details of non-compliances, penalties, strictures by Stock Exchanges/ SEBI/ Statutory Authorities on any matter related to capital markets during the last three years;

None

Pecuniary relationship or transactions with the non-executive Directors;

None

MEANS OF COMMUNICATION

Unaudited / Audited Financial Results

Period	Date of Approval by Board	Date of Publication	Newspaper
Quarter ended 30 th June, 2011	16.07.2011	18.07.2011	Business Line and Makkal Kural
Quarter ended 30 th September, 2011	29.10.2011	31.10.2011	Business Line and Makkal Kural
Quarter ended 31 st December, 2011	11.02.2012	13.02.2012	Business Line and Makkal Kural
Year ended 31 st March, 2012	30.05.2012	01.06.2012	Business Line and Makkal Kural

The Company will continue to publish quarterly/ half-yearly results in newspapers in future. Copy of results will be furnished to individual members and also made available in the Company website upon approval by the Board of Directors.

The results published will also show, by way of footnote, relevant additional information and/ or disclosures to the Investors.

Others

Management Discussion and Analysis Report is made a part of the Annual Report and covered in the Directors' Report.

The Company operates in;

(a) Aerospace, Naval & Power System Batteries and

(b) Lead Acid Storage Battery segments.

Segment-wise results is reported in Notes on Financial Statements under Item 34.

General Shareholder Information

Provided in the "Shareholder Information" section of the Annual Report.

Compliance Certificate of the Auditors

Not Applicable

Shareholder Information

AGM Details

Date and Time	4 th August, 2012, 11.00 A.M.
Venue	Hotel Benz Park, #62 Thirumalai Pillai Road, T. Nagar Chennai - 600 017.
Book Closure	Saturday, the 28 th July, 2012 to Saturday the 4 th August, 2012 (Both days inclusive)

Listing

Name & Address	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Phone : 022 - 2272 1233 2272 1234 Fax : 022 - 2272 2082 E-mail : corp.relations@bseindia.com Website : www.bseindia.com
Listed from	May 1962
Stock Code	504176

The Listing Fee for the financial year 2011-12 has been paid to the above Stock Exchange.

HIGH ENERGY

BATTERIES (INDIA) LIMITED

Dematerialisation

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) is **INE783E01015**. The details of dematerialised and physical holding as on 31st March 2012 are furnished hereunder:

Mode of holding	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	354	18.40	74207	4.14
Demat	1570	81.60	1718561	95.86
Total	1924	100.00	1792768	100.00

Registrar and Share Transfer Agent

For Physical and Demat Forms:
Cameo Corporate Services Ltd.
"Subramanian Building", 5th Floor
1, Club House Road, Chennai 600 002
Phone : 044-28460390(5 Lines)

Fax : 044-28460129

E-mail : investor@cameoindia.com

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

Compliance Officer

Mr S V Raju, Secretary of the Company is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under Clause 47 of the Listing Agreement with Stock Exchanges.

Transfer System

Powers are delegated to the Managing Director and Secretary to deal with regular transactions in securities of small investors, while other

cases are decided by the Shareholders/ Investors Grievance Committee. Investor requests are attended to within 7-15 days from the date of receipt. There were no shares pending for transfer as on 31st March 2012.

M/s Cameo Corporate Services Ltd., have been appointed as RTA for shares held both in physical and electronic forms, and services for the transfer and dematerialisation of shares are provided to the shareholders by the RTA.

Share Quotes

High, low in prices and volume of trading during each month in the last financial year are as follows: (as reported by the "Bombay Stock Exchange Limited").

Month	High	Low	Volume
	₹ P.	₹ P.	No. of Shares
April 2011	104.00	85.50	11666
May 2011	99.00	88.00	21039
June 2011	98.45	90.00	8456
July 2011	116.00	90.00	16048
August 2011	102.95	82.15	6918
September 2011	103.50	75.00	8574
October 2011	107.00	85.05	13144
November 2011	103.00	74.00	16630
December 2011	94.80	72.65	10284
January 2012	88.00	70.00	23002
February 2012	103.40	70.00	41785
March 2012	98.30	66.15	16972
		Total	194518



Shareholder Complaints

The Company has created a mail address secraju@highenergyltd.com exclusively for the purpose of addressing to, complaints, if any, from investors. Investors can mail any of their grievances to the above mentioned e-mail address.

Particulars of complaints received during 2011-12;

Complaints from	Received	Redressed
Shareholders / Investors	Nil	Nil
Depositories / DPs	Nil	Nil
SEBI	Nil	Nil
Department of Company Affairs / Registrar of Companies	Nil	Nil
Stock Exchanges	Nil	Nil
Total	Nil	Nil

Distribution of Shareholding as on 31.03.2012

Slab	No. Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-500	1681	87.37	189438	10.57
501-1000	126	6.55	94150	5.25
1001-2000	50	2.60	73433	4.10
2001-3000	16	0.83	41472	2.31
3001-4000	11	0.57	39794	2.22
4001-5000	6	0.31	27902	1.55
5001-10000	10	0.52	67173	3.75
Above 10000	24	1.25	1259406	70.25
	1924	100.00	1792768	100.00

Shareholding Pattern

Category	No. of Equity Shares	%
Promoters	730031	40.72
Fls and Banks	239100	13.34
Other Corporate Bodies	76710	4.28
Clearing Members	1	0.00
Hindu Undivided Families	25278	1.41
NRI - Non-Promoter	2741	0.15
Public	718907	40.10
Total	1792768	100.00

Note : Out of above, Non Resident Indians/ Overseas Corporate Bodies hold 82741 shares constituting 4.62%.

Plant

Location:

Pakkudi Road,
Mathur Industrial Estate, Mathur 622 515,
Pudukkottai District, Tamilnadu, India
Phone : 0431-2660314, 2660323, 2660324
Fax : 04339-250516
Email : info@highenergyltd.com
Website : www.highenergyltd.co.in

No. of Employees : 172

Particulars of past 3 AGMs

AGM	Year	Venue	Date	Time
48 th	2008-2009	New Woodlands Hotel, Pvt. Ltd., 72-75, Dr. Radha krishnan Salai, Mylapore, Chennai 600 004	18.07.2009	11.00 AM
49 th	2009-2010		22.07.2010	10.30 AM
50 th	2010-2011		16.07.2011	11.00 AM

No Extraordinary General Meeting of the Company was held during the year.

HIGH ENERGY

BATTERIES (INDIA) LIMITED

Postal Ballot

No Special Resolution was required to be passed by postal ballot at the last AGM nor is being proposed at the ensuing AGM.

Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of section 109A of the Companies Act, 1956 are requested to submit to the RTA in the prescribed Form 2B which can be had, on request, from the Company/RTA.

Unclaimed Dividends

Under the Companies Act 1956, dividends that are unclaimed for a period of seven years get transferred to the "Investor Education and Protection Fund" administered by the Central Government statutorily. The following table gives the dates of Declaration of Dividend and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Financial Year	Date of Declaration	Due date for Transfer
2004-2005	21.07.2005	25.07.2012
2005-2006	21.07.2006	25.07.2013
2006-2007	26.07.2007	30.07.2014
2007-2008	24.07.2008	28.07.2015
2008-2009	18.07.2009	22.07.2016
2009-2010	----	----
2010-2011	----	----

Reconciliation of Share Capital Audit

Reports/Certificates to Stock Exchanges

Description	Frequency	For the Quarter ended	Furnished on
Reconciliation of Share Capital Audit Report to Stock Exchanges on reconciliation of the total admitted Capital with NSDL/ CDSL and the total issued & Listed Capital	Quarterly	30.06.2011	08.07.2011
		30.09.2011	28.10.2011
		31.12.2011	06.01.2012
		31.03.2012	09.04.2012

M/s. R. SUBRAMANIAN AND COMPANY
Chartered Accountants

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS
OF HIGH ENERGY BATTERIES (INDIA) LIMITED**

We have audited the attached Balance Sheet of M/s. HIGH ENERGY BATTERIES (INDIA) LIMITED for the year ended 31st March 2012 and also the Profit & Loss account and Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Audit.

In our opinion proper Books of Account, as required by law have been kept by the Company so far as appears from our examination of those books.

The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this Report are in agreement with the Books of Account.

In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt

with by this Report comply with the Accounting Standards, referred to in Sec 211(3C) of the Companies Act, 1956.

On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles, generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2012; and
- b) In the case of the Profit and Loss Account, of the PROFIT for the financial year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we have further to report as under:

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets. These Fixed Assets have been

physically verified by the Management on a regular programme, which in our opinion is reasonable having regard to the size of the Company and nature of its Assets. No significant discrepancies were noticed on such verification. No significant part of fixed assets have been disposed off the during the year

- ii. The stock of Finished Goods, stores, spare parts and raw materials except stock lying with third parties, for which confirmation have been sought for, have been physically verified during the year by the Management. In our opinion, the frequency and procedure of physical verification is reasonable and adequate in relation to the size of the Company and the nature of its business. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not significant, and the same have been properly dealt with in the Books of Account.
 - iii. (a) The Company has not granted any loans, secured / unsecured to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
 - (b) The Company had taken unsecured loans aggregating to Rs 100 lakhs from two companies listed in the register maintained under Section 301 of the Companies Act 1956 in the earlier years. The terms of such loans are not prima facie prejudicial to the interest of the Company. Maximum amount outstanding at any time during the year was Rs 100 lakhs. These loans have been fully repaid during the year.
 - iv. In our opinion and according to the information and explanation given to us,
- v. there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
 - v. Based on audit procedures applied by us and according to the information and explanations provided by the Management, the transactions that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained by Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 - vi. The Company has not accepted any deposits from the public and consequently, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 are not attracted.
 - vii. The Company has an Internal Audit System commensurate with the size and nature of its business.
 - viii. The Central Government has prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956 in respect of Lead Acid Batteries manufactured by the Company. However we have not carried out detailed examination of such records
 - ix. (a) On the basis of our examination of the Books of Account, the Company has been regular in depositing with

- appropriate authorities undisputed statutory dues including Employees Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Wealth Tax, cess and Investor Education and Protection Fund and other material statutory dues.
- (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and Customs Duty that have not been deposited with the appropriate authorities for more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of, Income Tax, Service Tax, Sales Tax, Customs Duty, Cess, Wealth Tax and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute.
- x. The company's accumulated losses has not exceeded 50% of its net worth as at the end of the financial year. The company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the Management, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures.
- xii. Based on our examination of documents and records, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other Investments.
- xv. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The company has availed Hire Purchase Loans from the Banks during the year. The said loan availed during the year has been applied for the purpose for which they were granted.
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that funds raised on short term basis have not been used for long term investment.
- xviii. During the year the company has not made any preferential allotment of shares.
- xix. During the period covered by our audit report, the Company has not issued any debentures.
- xx. The Company has not raised any money by public issue during the year.
- xxi. Based on audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

For M/s. R. SUBRAMANIAN AND COMPANY
Chartered Accountants
Firm Registration No. 004137S

A. GANESAN
Partner
Membership No. 21438

Chennai
May 30, 2012

HIGH ENERGY

BATTERIES (INDIA) LIMITED

BALANCE SHEET AS AT 31st MARCH, 2012

	Note No.	AS AT 31-03-2012	AS AT 31-03-2011
(₹ in Lakhs)			
I Equity and Liabilities			
1 Shareholders' Funds			
a) Share Capital	2	179.28	179.28
b) Reserves and Surplus	3	1640.38	1601.28
2 Non Current Liabilities			
a) Long Term Borrowings	4	547.18	748.75
b) Deferred Tax Liabilities (Net)	5	69.60	54.09
c) Other Long Term Liabilities	6	320.86	510.16
d) Long Term Provisions	7	36.58	35.13
3 Current Liabilities			
a) Short Term Borrowings	8	1910.55	1733.77
b) Trade Payables	9	929.27	1059.96
c) Other Current Liabilities	10	1064.23	837.54
d) Short Term Provisions	11	12.42	23.16
Total		6710.35	6783.12
II Assets			
1 Non Current Assets			
a) Fixed Assets - Tangible Assets	12	2090.57	2212.10
b) Non Current Investments	13	60.33	60.33
c) Other Non Current Assets	14	25.00	26.12
2 Current Assets			
a) Inventories	15	3049.63	2583.52
b) Trade Receivables	16	996.27	1323.15
c) Cash and Bank Balances	17	110.17	97.96
d) Short Term Loans and Advances	18	224.23	260.44
e) Other Current Assets	19	154.15	219.50
Total		6710.35	6783.12
Notes to Financial Statements 1 to 40			
S. SRIDHARAN Managing Director	N. GOPALARATNAM D. VIJAYALAKSHMI R. VAIDYANATHAN	A.L. SOMAYAJI CMDE R. P. PREM KUMAR, VSM (Retd.)	Vide our Report of even date attached For M/s. R. SUBRAMANIAN AND COMPANY Chartered Accountants Firm Registration No. 004137S
G.A. PATHANJALI Executive Director	Directors S.V. RAJU Secretary		A. GANESAN Partner Membership No.021438
Chennai May 30, 2012			



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2012

	Note No.	YEAR ENDED 31-03-2012	YEAR ENDED 31-03-2011
		(₹ in Lakhs)	
Revenue from Operations			
Revenue from sale of Batteries (Gross)	21	6025.27	3597.54
Less : Excise duty		197.85	72.43
Revenue from sale of Batteries (Net)		5827.42	3525.11
Other Operating Revenue - Sale of Scrap		66.65	65.20
Other Income	22	12.93	210.33
Total Revenue		5907.00	3800.64
Expenses			
Cost of raw materials and Components consumed	23	3488.00	2392.04
Purchase of Stock-in-trade		257.51	--
(Increase) / Decrease in the inventory of Finished goods and Work in Progress	24	(319.33)	(264.70)
Employee Benefits Expense	25	590.69	470.50
Other Expenses	26	1181.43	799.95
Total Expenses		5198.30	3397.79
Profit before Finance Cost and Depreciation		708.70	402.85
Finance Cost	27	489.05	376.15
Depreciation		165.02	169.86
Profit / (Loss) Before Tax		54.63	(143.16)
Tax Expenses			
Current Tax			
- MAT Tax Provision		9.00	
- MAT Credit Entilement		9.00	--
Deferred Tax (Liability) / Asset		(15.52)	51.86
Excess provision of tax written back		--	47.11
Total Tax Expenses		(15.52)	98.97
Profit / (Loss) After Tax		39.11	(44.19)
Earning per Share			
Basic and Diluted Earning per share of ₹ 10/- each		2.18	(2.47)
Notes to Financial Statements 1 to 40			
S. SRIDHARAN Managing Director	N. GOPALARATNAM D. VIJAYALAKSHMI R. VAIDYANATHAN	A. L. SOMAYAJI CMDE R. P. PREM KUMAR, VSM (Retd.)	Vide our Report of even date attached For M/s. R. SUBRAMANIAN AND COMPANY Chartered Accountants Firm Registration No. 004137S
G.A. PATHANJALI Executive Director	Directors S.V. RAJU Secretary		A. GANESAN Partner Membership No.021438
Chennai May 30, 2012			

1. Notes forming part of the Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended 31st March 2012.

SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Concepts

The accounts are prepared under historical cost convention in accordance with generally accepted accounting principles and applicable Accounting Standards.

b) Use of Estimates

Estimates and assumptions made by Management in the preparation of Financial Statements have a bearing on reported amounts of Financial Results, Assets & Liabilities and the disclosure of Contingent Liabilities. Actual results could differ from those estimates. Any revision to accounting estimate is recognized prospectively.

c) Revenue Recognition

Revenue is recognized and expenditure is accounted for on their accrual. Excise duty recovery from customer is deducted from Gross Turnover. Excise duty differential between closing and opening stock of excisable goods is included under other expenses.

Revenue from domestic sale is recognized on delivery to the carrier, when risk and rewards of ownership pass on to the customer.

Revenue from Export sales is recognized when risk and rewards are passed on to the customer in accordance with the terms of the contract.

Dividend income is recognized when the right to receive payment is established.

Other items of income are recognized when there is no significant uncertainty as to measurability or collectability.

d) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost includes, taxes and duties (but does not include taxes and duties for which CENVAT / VAT credit is available), freight and other direct or allocated expenses and interest and finance charges on related borrowings during construction period.

Any income earned during construction period is netted against cost of the Project.

e) Depreciation

The assets, with the exception of plant and machinery, are depreciated on written down value basis. Plant and Machinery are depreciated on straight-line method. Depreciation is provided in accordance with Schedule XIV of the Companies Act 1956.

f) Inventories

Inventories are stated at lower of cost and net realisable value. Cost includes all costs of purchase, cost of conversion and other costs incurred in bringing the Inventories to their present location and condition net off CENVAT/VAT credit entitlement. The cost is arrived on weighted average basis. Tools cost is written off over a period of three years.



Notes on Financial Statements for the Year ended 31st March, 2012

- g) Investment
Long term investments are stated at cost. Any diminution in the value of Long term investments is charged to Profit and Loss Account, if such a decline is other than temporary in the opinion of the Management.
- h) Research and Development Expenditure
Expenditure incurred on Scientific Research, other than Capital Expenditure, are written off to revenue in the year when they are incurred. Capital Expenditure is added to the Cost of Fixed Assets and depreciated accordingly.
- i) Employee Benefits
Short term Employee benefits are charged at the undiscounted amount to Profit and Loss account in the year in which related service is rendered.
Contributions to defined contribution schemes towards retirement benefits in the form of provident fund and super annuation fund for the year are charged to profit and loss account as incurred.
Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary using Projected Unit Credit Method as at the balance sheet date. Actuarial gains or losses are recognized immediately in the profit and loss account. Obligation for leave encashment is recognized in the same manner.
Other Terminal benefits are recognised as an expense as and when incurred.
- j) Provision, Contingent Liabilities and Contingent Assets
Provisions are recognised when there is a present obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Contingent Liabilities are disclosed, in the notes on Accounts. unless the possibility of any outflow in settlement is remote, contingent assets are neither recognised nor disclosed.
- k) Taxes on Income
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961. Deferred Tax is recognised, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.
- l) Foreign Exchange Transactions
Transactions in foreign exchange are initially recognised at the rates prevailing on the dates of transactions.

Notes on Financial Statements for the Year ended 31st March, 2012

Premium or discount arising at the inception of forward contract is amortised as income or expense over the life of the contract. Exchange difference on such contract is recognised in the reporting period in which exchange rates change.

Foreign Currency Liabilities/ assets at the close of the year are restated, adopting the contracted/year-end rates, as applicable. Resultant exchange difference is recognised as income or expense in that period.

m) Insurance Claims

Insurance claims are accounted on the basis of claims lodged and accepted.

n) Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Impairment of Assets

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount.

p) Earnings per share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policy of the company.

Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under "unallocable".

There are no inter segment revenue and therefore their basis of measurement does not arise.

r) Derivatives

The Company enters into Futures Contracts in Silver to hedge the price risk consistent with its Risk Management Policy. The Company does not use these contracts for speculative purpose.

Losses in respect of the Futures Contracts as at the Balance Sheet date are charged to Statement of Profit and Loss by marking them to market, while gains are ignored.



Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011		
	(₹ in Lakhs)			
2 Authorised Capital				
7500000 equity shares of ₹ 10/- each	750.00	750.00		
Issued, Subscribed and Fully paid up shares				
1792768 equity shares of ₹ 10/- each	179.28	179.28		
Total of Issued, Subscribed and Fully paid up shares	179.28	179.28		
a Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting period				
	AS AT 31-03-2012 Nos	AS AT 31-03-2011 Nos		
At the Beginning of the year	1792768	1792768		
Issued During the year	--	--		
Outstanding at the end of the year	1792768	1792768		
b Details of Shareholders holding more than 5% of shares				
	AS AT 31-03-2012	AS AT 31-03-2011		
Name of Shareholder	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Seshasayee Paper and Boards Limited	282911	15.78	282911	15.78
Life Insurance Corporation of India	239000	13.33	239000	13.33
Time Square Investments (P) Limited	165463	9.23	165463	9.23
Ponni Sugars (Erode) Limited	100000	5.58	100000	5.58

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
	(₹ in Lakhs)	
3 Reserves and Surplus		
a Capital Redemption Reserve		
Balance as per last Balance Sheet	3.00	3.00
b Securities Premium Account		
Balance as per last Balance Sheet	783.35	783.35
c General Reserve		
Balance as per last Balance Sheet	964.00	964.00
d Surplus / (Deficit) in the Statement of Profit and Loss Account		
Balance as per last Balance Sheet	(149.08)	(104.89)
Profit / (Deficit) for the year	39.11	(44.19)
Net Surplus / (Deficit) in the Statement of Profit and Loss Account	(109.97)	(149.08)
Total	1640.38	1601.28
4 Long Term Borrowings		
Term Loan From Banks - Secured		
Rupee Loan	541.52	748.75
Car Loan	5.66	--
Total of Long Term Borrowings	547.18	748.75
<p>The Rupee Term Loan including current maturities (Vide Note No 10) are secured by First charge on movable and immovable fixed assets of the Lead Acid Battery Facility and Second charge on all other existing movable and immovable fixed assets of the Company.</p> <p>Rupee Term Loan is repayable as per details below :</p> <p>UCO Bank - 5 Annual instalments ; Indian Bank and Canara Bank - 15 Quarterly instalments</p> <p>The Car loan is secured by the hypothecation of the car. The loan is repayable in 60 equivated monthly instalments commencing from September 2011.</p>		



Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
(₹ in Lakhs)		
5 Deferred Tax Liabilities (Vide Note No.29)		
Deferred Tax Liabilities		
On account of Depreciation	329.39	332.48
Gross Deferred Tax Liability	329.39	332.48
Deferred Tax Assets		
43B Disallowances	14.36	2.65
Unabsorbed Losses and allowances under Income Tax Act 1961	245.43	275.74
Gross Deferred Tax Assets	259.79	278.39
Deferred Tax Liabilities (Net)	69.60	54.09
6 Other Long Term Liabilities		
Advances from Customers	320.86	510.16
Total	320.86	510.16
Advances represents amount to be adjusted from invoices after one year based on delivery period as stipulated in the contract by customers.		
7 Long Term Provisions		
Provision for Warranty (vide Note No. 32)	16.00	15.60
Provision for Leave Benefits	20.58	19.53
Total	36.58	35.13
8 Short Term Borrowings		
Secured Loans		
Working Capital Loan from Banks	1910.55	1633.77
Unsecured Loans		
Other Loans		
- Seshasayee Paper and Boards Limited	--	50.00
- SPB Projects & Consultancy Limited	--	50.00
Total	1910.55	1733.77

Working Capital Loans from Banks are secured by First Charge on inventories, book debts and other moveable assets of the Company and First Charge on all moveable and immovable fixed assets of the company other than those pertaining to Lead Acid Battery Facility. The Working Capital Loan is further secured by way of lien on Fixed Deposits aggregating to ₹ 50 lakhs.

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
	(₹ in Lakhs)	
9 Trade Payables		
Micro and Small Enterprises	--	--
Goods	767.83	922.85
Services	161.44	137.11
Total	929.27	1059.96
<p>Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the Company. There are no over dues to parties.</p>		
10 Other Current Liabilities		
Current Maturities of Long Term Borrowings	230.13	223.15
Advance received from customers	777.41	559.41
Unpaid Dividends	4.57	5.46
Sales Tax	38.75	40.09
Professional Tax	2.81	2.79
Tax Deducted at Source	3.88	3.65
Others	6.68	2.99
Total	1064.23	837.54
11 Short Term Provisions		
Provision for Employee Benefits - Gratuity	11.42	22.76
Provision for Warranty (vide Note No.32)	1.00	0.40
Total	12.42	23.16



Notes on Financial Statements for the Year ended 31st March, 2012										
12 FIXED ASSETS - Tangible Assets										
(₹ in Lakhs)										
Description	Cost as on 01-Apr-11	Gross Block			Depreciation			Net Block		
		Additions	Deductions	Cost as on 31-Mar-12	Upto 31-Mar-11	For the Year	Withdrawn 31-Mar-12	Upto 31-Mar-12	As at 31-Mar-12	As at 31-Mar-11
Land	35.92	--		35.92	--	--	--	--	35.92	35.92
Building	832.38	9.60		841.98	350.04	44.93	--	394.97	447.01	482.34
Plant & Machinery	2365.40	17.23	2.94	2379.69	763.60	101.80	2.79	862.61	1517.09	1601.81
Electrical Installation	131.92	--		131.92	68.84	8.77	--	77.61	54.31	63.08
Office Equipment	144.45	9.05	7.32	146.18	118.67	7.80	7.32	119.15	27.03	25.79
Furniture & Library	22.32	0.44		22.76	20.40	0.70	--	21.10	1.66	1.91
Vehicles	13.84	*7.34	2.49	18.69	12.59	1.02	2.48	11.13	7.55	1.25
TOTAL	3546.23	43.66	12.75	3577.14	1334.14	165.02	12.59	1486.57	2090.57	2212.10
Previous Year	3553.79	30.90	38.46	3546.23	1169.72	169.86	5.44	1334.14	2212.10	2384.07

(*) Additions to vehicle represents, car acquired under Hire Purchase Finance Scheme from Banks.

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
	(₹ in Lakhs)	
13 Non Current Investments - Long Term		
Non Trade		
Investment in Equity Shares (Quoted)		
280382 (Previous year : 280232) Equity Shares of ₹ 10/- each in Ponni Sugars (Erode) Limited, fully paid up	54.34	54.34
10329 (Previous year : 10329) Equity Shares of ₹ 10/- each in Seshasayee Paper and Boards Limited, fully paid up	1.25	1.25
Investment in Equity Shares (Unquoted)		
45000 (Previous year : 45000) Equity Shares of ₹ 10/- each in SPB Projects and Consultancy Limited, fully paid up	4.51	4.51
1500 (Previous year : 1500) Equity Shares of ₹ 10/- each in GPC Technologies Limited, fully paid up	0.15	0.15
830 (Previous year : 830) Equity Shares of ₹ 10/- each in Esvin Advanced Technologies Limited, fully paid up	0.08	0.08
Total	60.33	60.33
Agreegate cost of Quoted investments (Market value ₹ 31931805; 31.03.2011 - ₹ 28920599)	55.59	55.59
Agreegate cost of unquoted Investments	4.74	4.74
14 Other Non Current Assets		
Unsecured and considered good		
Electricity Deposits	13.02	13.90
Telephone Deposits	0.56	0.94
Deposit - Others	0.24	0.10
Rental Deposit	11.18	11.18
Total	25.00	26.12



Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
	(₹ in Lakhs)	
15 Inventories (Valued at lower of Cost and Net Realisable Value)		
Raw Materials and Components [Includes Materials in transit of ₹ 183.32 Lakhs (31.03.2011 - ₹ 8.12 Lakhs)]	2225.31	2104.00
Work in progress	314.23	285.13
Finished Goods (includes Stock in Trade of ₹ 121.87 Lakhs)	398.15	107.91
Stores and Spares	81.44	63.26
Loose Tools	30.50	23.22
Total	3049.63	2583.52
Details of Finished Goods		
Aero Space, Naval and Power System Batteries	166.17	--
Lead Acid Storage Batteries	231.98	107.91
Total	398.15	107.91
16 Trade Receivables		
Unsecured considered Good unless stated otherwise		
Unsecured, considered Good		
Exceeding six months	175.88	94.09
Other Debts	820.39	1229.06
Total	996.27	1323.15
17 Cash and Bank Balances		
Cash and Cash Equivalent		
Balances with Banks	52.05	18.92
Cash in hand	3.56	1.08
Other Bank Balances		
Deposits with Original maturity for more than 12 months	50.00	72.50
Unpaid Dividend Account	4.56	5.46
Total	110.17	97.96
Deposits with banks are held as a security for the short term loans taken from various banks.		

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

	AS AT 31-03-2012	AS AT 31-03-2011
	(₹ in Lakhs)	
18 Short Term Loans and Advances		
Unsecured Considered Good		
Advances to Suppliers and Services	161.92	193.11
Advance Income Tax (Net of provision)	52.71	66.54
Balance with Central Excise, Customs, etc.	9.60	0.79
Total	224.23	260.44
19 Other Current Assets		
Unsecured Considered Good		
Cenvat / Service Tax / VAT receivable	130.67	205.02
MAT Credit entitlement	23.48	14.48
Total	154.15	219.50
20 Contingent Liabilities and Commitments		
Counter Guarantees and Commitments on Letters of Credit	1987.85	1250.41
Claims against the company not acknowledged as Debts	28.00	28.00
Estimated amount of contracts remaining to be executed on capital account not provided for	5.09	4.61
Outstanding Silver Futures Contract	474.46	285.45
Outstanding Forward Contracts on Forex Exposure	12.01	--
21 Revenue from Sale of Batteries		
Silver Zinc High Energy Batteries	4475.24	2675.73
Other Silver Zinc Batteries and Cells	292.90	544.98
Nickel Cadmium Cells	35.34	88.60
Lead Acid Batteries**	1221.79	288.23
Total	6025.27	3597.54
** Excludes Free / Test and Evaluation samples and includes imported batteries sold in domestic market.		



Notes on Financial Statements for the Year ended 31st March, 2012

	YEAR ENDED 31-03-2012	YEAR ENDED 31-03-2011
	(₹ in Lakhs)	
22 Other Income		
Interest Income		
- Bank Deposits	4.44	3.36
- Others	--	1.86
Dividend Income		
- Long Term Investments	7.47	12.96
Profit on sale of Assets	0.94	180.42
Exchange Difference (Net)	--	11.52
Miscellaneous Income	0.08	0.21
Total	12.93	210.33
23 Cost of Raw Materials and Components consumed		
Silver	2050.81	1277.04
Copper	27.83	20.59
Lead	388.73	226.49
Others	475.64	388.78
Components of various descriptions	544.99	479.14
Total	3488.00	2392.04
24 (Increase) / Decrease in Inventory		
Inventory at the end of the year		
- Work In Progress	314.22	285.14
- Finished Goods	276.28	107.91
- Stock in Trade	121.87	--
Total	712.37	393.05
Inventory at the beginning of the year		
- Work In Progress	285.13	111.36
- Finished Goods	107.91	16.99
Total	393.04	128.35
(Increase) / Decrease in Inventory	(319.33)	(264.70)
25 Employee Benefits		
Salaries, Wages and Bonus	493.01	361.97
Contribution to Provident and Other Funds	34.28	56.32
Staff Welfare Expenses	63.40	52.21
Total	590.69	470.50

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

	YEAR ENDED 31-03-2012	YEAR ENDED 31-03-2011
	(₹ in Lakhs)	
26 Other Expenses		
Consumption of Stores and Spares	96.38	73.59
Power and Fuel	126.04	103.49
Repairs and Maintenance		
- Plant and Machinery	10.86	20.34
- Buildings	12.47	22.46
- Others	17.92	14.50
Sales Tax Paid	295.15	109.56
Selling Expenses	144.36	71.76
Expenditure on Scientific Research (Note. 30)	55.93	49.57
Rent	9.21	11.35
Excise Duty on Finished Goods	22.21	--
Rates and taxes	6.52	10.14
Insurance	16.86	13.37
Postage, Telegram and Telephone	16.48	12.83
Travelling and Conveyance	166.82	162.94
Directors' Sitting fees	0.99	1.02
Payment to Auditors (*)	4.90	3.14
Professional and Legal Charges	38.57	31.50
Exchange Difference (Net)	33.80	--
Silver Futures - Marked to Market Loss	14.46	--
Miscellaneous Expenses	88.70	87.33
Bank Charges - Others	2.80	1.06
Total	1181.43	799.95
(*) Payments to Auditors		
- Audit Fees	3.37	1.93
- Tax Audit	0.45	0.44
- Other Services (Certification)	0.53	0.50
- Out of Pocket Expenses	0.55	0.27
	4.90	3.14
27 Finance Cost		
Interest on Borrowings	390.06	316.71
Other Borrowing Cost	98.32	59.44
Interest on Shortfall in Advance Tax Payment	0.67	--
Total	489.05	376.15



Notes on Financial Statements for the Year ended 31st March, 2012

28. The Financial Statements for the year ended March 31, 2012 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. The Financial Statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly the previous year figures have also been reclassified to conform to this year's classification.
29. Transfer to Deferred Tax is mainly on account of difference in charging depreciation prescribed under the Companies Act 1956, and allowable under the Income Tax Act, 1961 and on account of unabsorbed depreciation / business loss under Income Tax Act. Based on firm orders on hand and improvements effected in the performance of both the divisions including Lead Acid Battery Division, in the opinion of the Management, the company will have adequate taxable income in the future and there exists virtual certainty of the Deferred Tax Asset (DTA) getting realized.
30. Expenditure on Scientific Research includes salaries and allowances ₹ 44.35 lakhs (Previous year ₹ 46.50 lakhs) and materials ₹ 11.58 lakhs (Previous year ₹ 3.07 lakhs)
31. In terms of development contract with a customer, assets and development expenditure of the value of ₹ 191 lakhs has been incurred and equivalent amount received from the customer is netted against the same. The company is holding these assets as a bailee in terms of the development contract.
32. Movement in estimated liability towards Warranty as per Accounting Standard 29 (AS 29)

	31.03.2012	31.03.2011
	<i>(₹ in Lakhs)</i>	
Provision at the beginning of the year	16.00	17.00
Withdrawal during the year	(-) 0.40	(-) 1.00
Addition during the year	(+) 1.40	--
Used during the year	--	--
	17.00	16.00

33. Related Party disclosures, as required by Accounting Standard 18 (AS 18)

- (i) Name of the transacting Related Party:
- Sri. S. Sridharan, Managing Director
 - Seshasayee Paper and Boards Limited (SPB)
- (ii) A description of the relationship between the parties:
Presumption of Significant influence.
- (iii) A description of the nature of the transactions and volume of the transaction, either as an amount or as an appropriate proportion:
- Sri S Sridharan is the Managing Director and was in receipt of remuneration aggregating to ₹ 22.04 lakhs (Previous year : ₹ 14.59 lakhs)

S.No.	Name of the Party	Description of transactions and amount during the year			Amount Outstanding as on 31.03.2012
		Nature of Transaction	₹ in lakhs		
			31.03.12	31.03.11	
1	Seshasayee Paper and Boards Ltd	Interest Paid	0.44	6.00	Assets : Investments in : 0.10 lakhs Equity Shares (0.09%) Liabilities : 2.83 lakhs Equity Shares (15.78%) Payables : Nil
	Dividend Paid	--	--		
	Expenses Reimbursement	1.62	1.39		
	Purchase of Paper	0.27	0.36		
	Dividend Received	0.52	0.61		

34. The disclosures as required under Accounting Standard 17 (AS 17) "Segment Reporting" issued by the Institute of Chartered Accountants of India is as under :-

- a. The company has considered business segment as the primary segments for disclosure. The business segments are Aerospace, Naval and Power System Batteries and Lead Acid Batteries. The above reportable segments have been identified based on the organisation structure as well as differing risks and returns associated with the segments.
- b. Segmental expenses and revenue wherever could not be identified to a particular segment has been treated as Unallocated expenses and revenue.
- c. Segment assets and segment liabilities represent assets and liabilities in respective segments. investments , tax related assets and other assets and other liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "unallocable".



Notes on Financial Statements for the Year ended 31st March, 2012

(₹ in lakhs)

S.No.	Particulars	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
A)	Primary Segments		
1	Segment Revenue		
	a) Aerospace, Naval and Power System Batteries	4575.29	3177.60
	b) Lead Acid Storage Batteries	956.98	237.95
	Net Sales / Income from Operations	5532.27	3415.55
2	Segment Results Profit / (Loss) Before Tax		
	a) Aerospace, Naval and Power System Batteries	588.40	463.97
	b) Lead Acid Storage Batteries	(44.72)	(230.98)
	Less : Unallocable expenditure net of unallocable income	489.05	376.15
	Profit / (Loss) Before Tax	54.63	(143.16)
3	Other Information		
	Segment Assets		
	a) Aerospace, Naval and Power System Batteries	3682.34	4261.07
	b) Lead Acid Storage Batteries	2584.81	2062.72
	c) Unallocable	443.20	459.33
	Total	6710.35	6783.12
	Segment Liabilities		
	a) Aerospace, Naval and Power System Batteries	1769.81	1966.65
	b) Lead Acid Storage Batteries	191.20	112.82
	c) Unallocable	172.23	163.34
	Total	2133.24	2242.81
	Total Capital Expenditure	43.66	30.90
	Depreciation	165.02	169.86
B)	Secondary Segments (Geographical)		
	Segment Revenue		
	a) Export sales	2766.05	1947.73
	b) Domestic sales	2766.22	1467.82
	Total	5532.27	3415.55

35. Employee Benefits

i) Defined Contribution Plans

Contribution of ₹ 26.26 lakhs to defined contribution plans is recognized as expense and included in Employee Benefits (Note No. 25) in the profit and loss account. (Previous year ₹ 19.81 lakhs)

ii) Defined Benefit Plans

Disclosure for defined plans based on actuarial valuation as on 31.03.2012.

General Description	Post Employment Benefit		Long Term Compensated absence	
	Gratuity - Funded Plan - Non Contributory		Leave Encashment - Unfunded - Non Contributory	
	31.03.12	31.03.11	31.03.12	31.03.11
	₹ in lakhs		₹ in lakhs	
(i) Change in Defined Benefit obligation				
Present Value - Opening Balance	127.47	100.79	19.53	16.80
Current Service Cost	6.13	6.13	4.50	4.27
Interest Cost	9.87	7.88	1.39	1.16
Past Service Cost	-	10.14	-	-
Actuarial Loss / (Gain)	(2.72)	7.20	(0.42)	1.97
Benefits paid	(8.12)	(4.67)	(4.42)	(4.67)
Present Value - Closing Balance	132.63	127.47	20.58	19.53
(ii) Change in Fair Value of Plan Assets				
Opening Balance	104.87	93.11	-	-
Expected return on plan assets	10.01	8.76	-	-
Actuarial gain/(loss)	(0.50)	(0.18)	-	-
Contributions	14.95	7.85	4.42	6.54
Benefits paid	(8.12)	(4.67)	(4.42)	(6.54)
Closing Balance	121.21	104.87	-	-
Actual return	9.25	8.58	-	-
(iii) Amount Recognised in the Balance Sheet (as at year end)				
Present value of the obligation	132.63	127.47	20.58	19.53
Fair value of plan assets	121.21	104.87	-	-
Net (asset) / liability recognised	11.42	22.60	20.58	19.53



Notes on Financial Statements for the Year ended 31st March, 2012

General Description	Post Employment Benefit		Long Term Compensated absence	
	Gratuity - Funded Plan - Non Contributory		Leave Encashment - Unfunded - Non Contributory	
	31.03.12	31.03.11	31.03.12	31.03.11
	₹ in lakhs		₹ in lakhs	
(iv) Expenses recognized in the profit and loss account				
Current service cost	6.13	6.13	4.50	4.27
Past service cost	-	10.14	-	-
Interest Cost	9.87	7.88	1.38	1.16
Expected return on plan assets	(10.01)	(8.76)	-	-
Net actuarial (gain)/loss	(2.22)	7.38	(0.41)	1.97
Total included in 'Employee Benefits' (Note 25)	3.77	22.77	5.47	7.40
(v) Asset Information	Insurance Policy 100%		-	
(vi) Principal actuarial assumptions	LIC (1994-96) Ultimate table		LIC (1994-96) Ultimate table	
Mortality				
Discount Rate (%)	8.60	8.00	8.60	8.00
Future Salary Increase (%)	5.00	5.00	5.00	5.00
Rate of return of plan assets (%)	9.25	9.25	-	-
Expected Average remaining working lives of employees (Years)	14.00	9.00	11.00	10.00
(vii) Expected Contribution (₹ in lakhs)	15.00	20.00	-	-
(viii) The estimate of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as, supply and demand in the employment market.				

Amount for the current and previous four years are as follows:

₹ in lakhs

Particulars	Gratuity					Leave Encashment				
	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08	31.03.12	31.03.11	31.03.10	31.03.09	31.03.08
Defined Benefit Obligation	132.63	127.47	100.79	90.44	81.96	20.58	19.53	16.80	18.20	15.01
Plan Assets	121.21	104.87	93.11	88.40	74.08	-	-	-	-	-
Surplus / (Deficit)	(11.42)	(22.60)	(7.68)	(2.04)	(7.88)	20.58	19.53	16.80	18.20	15.01
Experience adjustments on Plan Liabilities	(2.72)	(7.20)	(12.57)	(7.75)	3.85	(0.41)	1.97	0.45	5.16	1.26
Experience adjustments on Plan Assets	(0.50)	(0.18)	(0.40)	(0.29)	(0.30)	-	-	-	-	-

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BATTERIES (INDIA) LIMITED

Notes on Financial Statements for the Year ended 31st March, 2012

36. Value of Imports on CIF Basis

	31-03-2012	31-03-2011
	(₹ in Lakhs)	
Raw materials and Components	1748.36	1375.11
Stores and Spares	7.24	1.33
Capital Goods	37.81	--
	<u>1793.41</u>	<u>1376.44</u>

37. Expenditure in Foreign Currency during the year

Foreign Travel Expenditure	20.58	12.60
Others	--	--
	<u>20.58</u>	<u>12.60</u>

38. Earnings in Foreign Currency during the year

Export of Goods on F.O.B basis	2766.05	1947.73
	<u>2766.05</u>	<u>1947.73</u>

39. Value of Imports / Indigenous Raw Materials / Components / Stores and spares consumed

	31-03-2012		31-03-2011	
	Value	%	Value	%
	(₹ in Lakhs)			
Raw materials and Components :				
Imported - Landed Cost	2361.97	68.00	1333.69	56.00
Indigenous	1126.03	32.00	1058.35	44.00
	<u>3488.00</u>	<u>100.00</u>	<u>2392.04</u>	<u>100.00</u>
Stores, Spares and Tools :				
Imported - Landed Cost	3.33	3.00	0.78	1.00
Indigenous	93.05	97.00	72.81	99.00
	<u>96.38</u>	<u>100.00</u>	<u>73.59</u>	<u>100.00</u>

40. Basis for Calculation of Basic and Diluted Earnings per Share

		2011-2012	2010-2011
Net Profit/(Loss) as per Profit and Loss Account	₹	39 11 406	(44 19 294)
Weighted Average Number of Equity Shares	Nos.	17 92 768	17 92 768
Face Value	₹	10	10
Basic and Diluted Earnings per share	₹	2.18	(2.47)



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012
PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

Description	FOR THE YEAR ENDED 31-03-2012	FOR THE YEAR ENDED 31-03-2011
(₹ in Lakhs)		
A. Cash Flow from Operating Activities		
Net Profit before tax and exceptional items	54.63	(143.16)
Adjustments for :		
Depreciation	165.02	169.86
Finance Cost (Net)	484.61	370.93
(Profit)/Loss on Sale of Assets	(0.94)	(180.42)
Dividend from Non Trade Investments	(7.47)	(12.96)
	641.22	347.41
Operating Profit before Working Capital Changes	695.85	204.25
Adjustments for :		
Trade and other Receivables	416.41	(573.15)
Inventories	(466.12)	(857.49)
Trade and other Payables	(108.68)	1322.12
	(158.39)	(108.52)
Cash generated from Operation	537.46	95.73
Income tax / Fringe Benefit tax paid / refund	13.17	60.58
Net cash from operating activities	550.63	156.31
B. Cash Flow from Investing Activities		
Purchase of fixed Assets	(43.66)	(30.90)
Dividend from Non Trade Investments	7.47	12.96
Interest Received	4.44	5.22
Sale of Fixed Assets	1.11	213.43
Net Cash used in Investing Activities	(30.64)	200.71

HIGH ENERGY

BATTERIES (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT (Continued)

Description	FOR THE YEAR ENDED 31-03-2012	FOR THE YEAR ENDED 31-03-2011
(₹ in Lakhs)		
C. Cash Flow from Financing Activities		
Proceeds from Long Term Borrowings	5.66	-
Repayment of Long Term Borrowings	(200.26)	(42.55)
Repayment of Short Term Borrowings	(100.00)	-
Proceeds of Short Term Borrowings	-	50.00
Working Capital Loan	276.77	52.94
Finance Cost Paid	(489.05)	(376.15)
Dividend and Dividend Tax Paid	-	-
Net Cash used (from) in Financing Activities	(506.88)	(315.76)
Net Increase / (Decrease) in Cash and Cash Equivalents	13.11	41.26
Cash and Cash Equivalents at the beginning	92.50	51.24
Cash and Cash Equivalents at the end *	105.61	92.50
<p>* Includes Fixed Deposits with Banks aggregating to Rs. 50 lakhs (Previous year Rs. 72.50 lakhs) given as security for certain Short Term Borrowings from Banks.</p>		
<p>S. SRIDHARAN Managing Director</p> <p>G.A. PATHANJALI Executive Director</p> <p>Chennai May 30, 2012</p>	<p>N. GOPALARATNAM D. VIJAYALAKSHMI R. VAIDYANATHAN</p> <p style="text-align: center;">Directors</p> <p>S.V. RAJU Secretary</p>	<p>A.L. SOMAYAJI CMDE R. P. PREM KUMAR, VSM (Retd.)</p> <p>Vide our Report of even date attached For M/s. R. SUBRAMANIAN AND COMPANY Chartered Accountants Firm Registration No. 004137S</p> <p style="text-align: right;">A. GANESAN Partner Membership No.021438</p>

HIGH ENERGY BATTERIES (INDIA) LIMITED

Registered Office : 'ESVIN HOUSE', Perungudi, CHENNAI - 600 096.

ATTENDANCE SLIP

Date & Time	Saturday August 04, 2012 11.00 A.M.
Venue	Hotel Benz Park 62, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017.

Folio No.	No. of Shares

DEMAT PARTICULARS

DP ID No.		
I	N	

Client ID No

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MEMBER PROXY

(NAME IN CAPITAL LETTERS)

- Note : 1. Only shareholders of the company or their proxies will be allowed to attend the meeting ON PRODUCTION OF THIS ATTENDANCE SLIP duly completed and signed.
2. Shareholders are requested to bring their copies of Annual Report with them.
3. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.

I hereby record my presence at the 51st Annual
General Meeting of the Company

Signature of Member / Proxy



HIGH ENERGY BATTERIES (INDIA) LIMITED

Registered Office : 'ESVIN HOUSE', Perungudi, CHENNAI - 600 096.

DEMAT PARTICULARS

DP ID No.	I	N	
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Client ID No.	
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FORM OF PROXY

Folio No.	No. of Shares held

I/Weof

being Member(s) of HIGH ENERGY BATTERIES (INDIA) LIMITED hereby appoint

(Name of proxy)

(Address of proxy)

failing him.....of

(Name of Alternate proxy)

(Address of Alternate proxy)

.....as my / our proxy to vote for me / us on my / our behalf at the FIFTY FIRST ANNUAL GENERAL MEETING of the Company to be held at 11.00 A.M. on Saturday, the 4th August, 2012 and at any adjournment thereof.

Date

Signature.....



Note: Please refer to Notes of the Notice for the 51st Annual General Meeting