

## Report of the Directors

For the 12 months ended March 31, 2007.

Your Directors are pleased to present the Annual Report together with the audited Accounts of your Company for 12 months ended March 31, 2007.

### Change of Registered Office of the Company

Consequent to your Company becoming a wholly owned subsidiary of Eveready Industries India Ltd, application was made with the relevant authorities for change of the registered office of your Company from the state of Karnataka to the state of West Bengal. Approvals were received in due course and the registered office of your Company was shifted to 1 Middleton Street, Kolkata 700071 with effect from April 1, 2007.

### Review of Performance

Financial Results are summarized below :

	(Rs.In Crores)	
	12 Months Ended March 31, 2007	18 Months Ended March 31, 2006
Net Sales	88.72	114.81
Income from Other Sources	0.72	1.22
<b>Total Income</b>	<b>89.44</b>	<b>116.03</b>
Total Expenditure adjusted for Increase / Decrease of Stocks	86.79	106.90
<b>Profits Before Depreciation, Interest and Taxation (PBDIT)</b>	<b>2.65</b>	<b>9.13</b>
Depreciation	4.27	6.31
Interest and Finance Cost	2.62	5.01
<b>Profit/(Loss) Before Taxation</b>	<b>(4.24)</b>	<b>(2.19)</b>
Provision for Taxation	5.02	(0.31)
<b>Profit/(Loss) After Taxation</b>	<b>(9.26)</b>	<b>(1.88)</b>

(previous period's figures have been regrouped where necessary)

### Dividend

In view of the losses incurred in the current period and also in recognition of carry forward losses, the Directors have not been able to recommend any dividend for the current period.

### Operational Review

#### ● Current Operations

For the current year under review, your Company registered a 1% growth by volume for the Indian battery market. The Company's sales for the current 12 months period was higher in value by 14%. However, during the current period, there has been a decline in the operating performance of the Company. The current decline, which is manifested by a net loss for the current period at Rs.9.26 crores was contributed by several factors, including an unprecedented increase in prices of raw materials, more particularly zinc. The battery industry witnessed unprecedented rise in prices of major input materials, led by very bullish trends in zinc, which accounts for nearly 50% of the cost of a zinc carbon battery. Your Company was able to increase its selling prices considerably in order to offset the rising input costs. However, there was a lag between the incurring of increase in costs and the consequent implementation of the price increases in keeping with the supply chain throughput. Your Company had to incur the losses, primarily, due to this time lag.

Among other operations, your Company continued to be a supplier to OEM customers of repute. However, there was some decline in the Company's flashlights business.

#### ● Prospects

Your Company is part of a Group comprising of a very dominant industry player and consequently the potential of its brand and distribution has got exploited to a large extent due to marketing and manufacturing synergies.

While prices of most input materials have now stabilized, zinc continues to be in a bull run. Market level strengths of your Company will allow it to pass on the adverse impacts whereby profitability will be protected.

Your Company will continue to focus and build on its flashlights business operations.

Your Directors have, at the Board Meetings held on April 13, 2007 and May 9, 2007 approved and modified, respectively, a Scheme of Amalgamation u/s 391 and 394 of the Companies Act, 1956, for the purpose of amalgamating the Company with its Holding Company, Eveready Industries India Ltd, effective April 1, 2007. This Scheme is subject to the approval of the Shareholders and requires sanction of the Hon'ble High Court at Calcutta. The Shareholders will be informed of the details in due course.

### Employee Relations

Employee Relations were satisfactory throughout the current period under review.

Your Directors would like to place on record their appreciation of the valuable contribution made by all employees at all levels.

There are no employees to whom section 217 (2A) of the Companies Act, 1956 applies.

### Public Deposits

Your Company has not accepted any deposits from public or shareholders and accordingly no amount of principal or interest was outstanding as on the date of the balance sheet.

### Conservation of Energy

Due to significant increase in fuel cost, efforts have been made to control fuel consumption. The retrofitting of 625 kva engine to 500 kva engine continues to give an annual saving of about Rs. 4 lakhs p.a.

Optimal utilisation of blowers & airconditioners has further resulted in an estimated saving of about Rs. 7 lakhs p.a.

Various improvements done on the findings of internal energy audits have resulted in considerable savings on air consumption resulting in an estimated saving of about Rs. 1.5 lakhs p.a.

Your Company also resorted to optimal utilisation of water from state water supply (KIADB) by changing from present borewell to KIADB Water supply. This would result in an estimated saving of Rs. 2 lakhs p.a and an energy saving of about Rs.1 lakh p.a.

### Technology Absorption, Adaptation & Innovation

#### ● Research & Development (R&D)

In house R&D activity is more focused on development of alternate material & optimization of material usage by Value engineering & re-engineering of the products to achieve cost reduction without impacting the performance parameters.

The most significant achievements are,

1. Developed process capability to reduce the mix weight in R6 products
2. Optimization of Zinc Can weight in R20 & R6 products
3. Re engineered the R20 PE seal to minimize the LLDPE scrap during the moulding.
4. Productionising the locally developed PE seal in R6 products

### Expenditure on R&D for the period ended 31st March 2007

Particulars	(Rs. In Lakhs)
Capital Expenditure	NIL
Recurring Expenditure	2.00
Total Expenditure	2.00
Total R&D Expenditure as a %age of Turnover	0.01%

### Foreign Exchange Earnings and Outgo

The foreign exchange earnings were Rs. Nil by way of export of batteries (previous period – Rs. Nil) and the foreign exchange utilized was Rs. 55 lakhs (previous period – Rs. 24 lakhs).

### Audit Committee

As on March 31, 2007, the Audit Committee comprised of Mr S Saha (Chairman), Mr V M Manogaran, Mr A Khaitan and Mr A Roy.

### Directors' Responsibility Statement

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed with no material departure.
- (b) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of 31st March, 2007 and of the profit and loss account for the period ending as on date.
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.

### Directors

In accordance with the Articles of Association, Mr. D. Khaitan will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offers himself for reappointment.

Mr. G.B. Basu resigned as Director w.e.f. November 13, 2006. Your Directors wish to place on record, their appreciation of the valuable services rendered by Mr. Basu during his tenure as Director.

Mr. A. Roy has been appointed as Additional Director by the Board with effect from November 13, 2006. In terms of Article 50 of the Articles of Association of the Company he holds office until the forthcoming Annual General Meeting. Notice in writing under Section 257(1) of the Companies Act, 1956 has been received from a Member signifying his intention to propose Mr. A. Roy for election to the office of Director.

### Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors of the Company and being eligible offer themselves for reappointment.

Kolkata, May 9, 2007

For and on behalf of the Board  
**Suvamoy Saha**      **A Roy**  
*Director*                      *Director*

## Auditors' Report

To  
The Members of  
**POWERCELL BATTERY INDIA LIMITED**

1. We have audited the attached balance sheet of Powercell Battery India Limited as at 31st March, 2007, the profit and loss account for the year ended on that date and the cash flow statement for the year ended on that date, both 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.
2. We conducted our audit in accordance with the 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 the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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 enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Attention is invited to Note B1 of Schedule 15 forming part of the financial statements. The Company has incurred a net loss of Rs. 92,601('000) for the year ended 31 March 2007 and as at that date, its accumulated losses of Rs. 323,057('000) have substantially eroded the paid up-capital of Rs. 490,000('000) and for reasons explained therein, the financial statements have been prepared on a 'going concern' basis.
5. Further to our comments in the annexure referred to in paragraph 3 above, we report that :
  - (i) 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;
  - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956;
  - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 2007;
    - (b) in the case of the profit and loss account, of the loss for the year ended on that date;
    - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.
6. On the basis of the written representations received from the directors as on 31st March, 2007 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;

**For Deloitte Haskins & Sells**  
*Chartered Accountants*  
**K. Rajasekhar**  
*Partner*  
Membership No. 23341

Kolkata, 9th May, 2007

**Annexure to the Auditors' Report**

(Referred to in paragraph 3 of our report of even date)

The nature of Company's business/activities during the year was such that paragraphs 4 (vi), (xii), (xiii), (xiv), (xv), (xviii) and (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

- (i) In respect of its fixed assets :
- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) None of the fixed assets was disposed off during the year.
- (ii) In respect of its inventories :
- (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the company.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, paragraphs 4(iii)(f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, as there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, paragraph 4(v)(b) of the Order is not applicable.

- (vi) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (vii) We have broadly reviewed the books of account and records maintained by the company relating to the manufacture of dry cell batteries, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (viii) In respect of statutory dues :
- (a) According to the information and explanations given to us, except for instances of delays in deposit of dues of Provident Fund, Employees State Insurance and taxes deducted at source, the Company had been regular in depositing sales-tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it with the appropriate authorities during the year
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, and cess and any other material statutory dues applicable to it were in arrears as at 31st March, 2007 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, as at 31 March, 2007, there were no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (ix) In our opinion and according to the information and explanations given to us, the accumulated losses of the company are in excess of fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were availed during the year.
- (xii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xiii) The company has not raised any money by public issue.
- (xiv) According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
**K. Rajasekhara**  
Partner

Kolkata, 9th May, 2007

Membership No. 23341

**Balance Sheet**

As at March 31, 2007

Rs. in Thousands

Particulars	Schedule No.	As at 31.03.2007	As at 31.03.2006
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds :</b>			
Share Capital	1	490,000	490,000
<b>Loan Funds :</b>			
Secured Loans	2	135,077	187,445
Unsecured Loans	3	41,000	41,000
<b>TOTAL</b>		<b>666,077</b>	<b>718,445</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>			
Gross Block		683,350	
Less: Depreciation		327,840	
<b>Net Block</b>	4	355,510	396,157
<b>Investments</b>	5	23	23
<b>Deferred Tax Asset [Note No. 8 (a)]</b>		-	49,126
<b>Current Assets, Loans and Advances :</b>			
Inventories	6	131,599	135,728
Sundry Debtors	7	66,416	39,827
Cash and Bank Balances	8	37,098	31,467
Loans and Advances	9	10,830	31,030
		<b>245,943</b>	<b>238,052</b>
Less : <b>Current Liabilities and Provisions :</b> 10			
Current Liabilities		252,096	191,258
Provisions		6,360	5,761
		<b>258,456</b>	<b>197,019</b>
<b>Net Current (Liabilities) / Assets</b>		(12,513)	41,033
<b>Miscellaneous Expenditure</b>	11	-	1,651
(to the extent not written off or adjusted)			
<b>Profit and Loss Account</b>		323,057	230,456
<b>TOTAL</b>		<b>666,077</b>	<b>718,445</b>
<b>Notes &amp; Significant Accounting Policies</b>	15		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

**K. Rajasekhar**  
Partner

Place : Kolkata  
Date : 9th May 2007

For and on behalf of the Board

**S. Saha** **A. Roy**  
Director Director

**S. Talukdar**  
Company Secretary

**Profit and Loss Account**

For the year ended March 31, 2007

Rs. in Thousands

Particulars	Schedule No.	For the Year 2006-07	For the period 01.10.04 to 31.03.06
<b>INCOME</b>			
Sales			1,012,026
1,318,803			
Less: Excise Duty		124,799	170,662
<b>Net Sales</b>		<b>887,227</b>	<b>1,148,141</b>
Other Income	12	7,165	12,222
<b>TOTAL</b>		<b>894,392</b>	<b>1,160,363</b>
<b>EXPENDITURE</b>			
Operating and Other Expenses	13	876,250	1,039,589
(Increase) / Decrease in stocks of finished goods and work-in-progress		(9,995)	23,525
Miscellaneous Expenditure Written off		1,651	5,962
		867,906	1,069,076
<b>PROFIT FOR THE YEAR/PERIOD BEFORE TAXES</b>			
<b>INTEREST &amp; DEPRECIATION</b>		<b>26,486</b>	<b>91,287</b>
Finance Charges	14	26,194	50,047
Depreciation		42,731	63,145
Loss for the year/period before Tax		(42,439)	(21,904)
Provision for Tax [Note No. 8(b)]			
Current Tax		-	-
Deferred Tax		49,126	(5,184)
Fringe Benefit Tax		1,036	2,081
Loss for the year/period		(92,601)	(18,802)
Loss brought forward from previous year		(230,456)	(211,654)
Loss carried to the Balance Sheet		(323,057)	(230,456)
No. of Equity Shares of Rs. 10/- each outstanding		49,000,000	49,000,000
Earnings per share - Basic & Diluted (in Rupees)		(1.89)	(0.38)

The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

**K. Rajasekhar**  
Partner

Place : Kolkata  
Date : 9th May 2007

For and on behalf of the Board

**S. Saha** **A. Roy**  
Director Director

**S. Talukdar**  
Company Secretary

**Cash Flow Statement**

For the year ended March 31, 2007

Rs. in Thousands

Particulars	Year ended March 31, 2007	Period ended March 31, 2006
<b>Cash Flows from Operating Activities</b>		
Net Profit before Taxation	(42,439)	(21,904)
Adjustments for :		
Depreciation	42,731	63,145
Miscellaneous Expenses Written Off	1,651	5,962
Interest Expense	26,194	65,309
Interest Received	(1,157)	(1,151)
(Profit)/Loss on Sale of Fixed Asset	-	379
Operating Profit before Working Capital Changes	26,980	111,738
(Increase)/Decrease in Inventory	4,130	(41,138)
(Increase)/Decrease in Trade and Other Receivable	(6,389)	22,971
Increase/(Decrease) in Trade and Other Payables	61,437	43,673
Cash generated from Operations	86,158	137,244
Direct Taxes Paid	(1,036)	(2,081)
<b>Net Cash from Operating Activities</b>	<b>85,122</b>	<b>135,163</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(2,086)	(7,327)
Sale of Fixed Assets	-	479
Interest Received	1,157	1,151

Rs. in Thousands

Particulars	Year ended March 31, 2007	Period ended March 31, 2006
<b>Net Cash from/used for Investing Activities</b>	<b>(929)</b>	<b>(5,697)</b>
<b>Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowing	(65,000)	(36,000)
Increase/(Decrease) in Bank Borrowings	12,632	(47,460)
Increase/(Decrease) in Short Term Borrowings	-	21,000
Interest Paid	(26,194)	(65,307)
<b>Net Cash Used in Financing Activities</b>	<b>(78,562)</b>	<b>(127,767)</b>
<b>Net Increase in cash &amp; cash equivalents</b>	<b>5,630</b>	<b>1,699</b>
Cash & Cash equivalent at beginning of year/period	31,467	29,768
Cash & Cash equivalent at the end of year/period	37,098	31,467

Note : Cash and Cash Equivalent includes restricted balance of Rs. 14,482 [Previous Year Rs. 12,815]

As per our report of even date attached

For **Deloitte Haskins & Sells**

Chartered Accountants

**K. Rajasekhar**  
Partner

Place : Kolkata  
Date : 9th May 2007

For and on behalf of the Board

**S. Saha** **A. Roy**  
Director Director

**S. Talukdar**  
Company Secretary

## Schedules to Accounts

Rs. In Thousands

Particulars	As at 31.03. 2007	As at 31.03. 2006
<b>1. SHARE CAPITAL</b>		
Authorised 50,000,000 Equity Shares of Rs.10/- each	500,000	500,000
Issued, Subscribed and Paid up 49,000,000 Equity Shares of Rs.10/- each, fully paid up (All the above shares are held by the holding company Eveready Industries India Limited and its nominees)	490,000	490,000
	<b>490,000</b>	<b>490,000</b>

<b>2. SECURED LOANS</b>		
Term Loan from Industrial Development Bank of India Ltd. (Secured by first charge on movable and immovable property of the Company's Factory at Maddur) (Amount repayable within twelve months Rs. 60,000 (Previous Year Rs. 50,000))	109,000	174,000
Vehicle Loan from ICICI Bank Ltd. (secured by charge on assets financed)	1,382	-
Cash Credit from Indian Overseas Bank (secured by hypothecation of stocks, stores and book debts and further secured by a separate guarantee from the Holding Company Eveready Industries India Limited)	24,695	13,445

<b>3. UNSECURED LOANS</b>		
Interest Free Unsecured Loan from Holding Company [Payable on Demand]	41,000	41,000
	<b>41,000</b>	<b>41,000</b>

### 4. FIXED ASSETS

Description	Gross Block at Cost			Depreciation				Net Block		
	As at 1.4.2006	Additions	Deletions	As at 31.3.2007	As at 1.4.2006	For the Year	Deletions	As at 31.3.2007	As at 31.3.2007	As At 31.3.2006
Freehold Land	9,205	-	-	9,205	-	-	-	-	9,205	9,205
Buildings	130,208	33	-	130,241	34,193	4,349	-	38,542	91,698	96,015
Plant and Machinery	514,665	426	-	515,091	233,322	37,099	-	270,421	244,670	281,343
Computers and Office Equipment	18,117	407	-	18,524	13,043	708	-	13,752	4,772	5,074
Furniture and Fixtures	8,831	177	-	9,008	4,408	553	-	4,961	4,047	4,423
Motor Vehicles	238	1,043	-	1,281	142	22	-	164	1,117	96
<b>Total</b>	<b>681,264</b>	<b>2,086</b>	<b>-</b>	<b>683,350</b>	<b>285,110</b>	<b>42,731</b>	<b>-</b>	<b>327,840</b>	<b>355,510</b>	<b>396,157</b>
Previous Year	675,253	7,327	1,316	681,264	222,422	63,145	459	285,108	396,157	

Particulars	As at 31.03. 2007	As at 31.03. 2006
<b>5. INVESTMENTS - Non Trade</b> (Long Term, Unquoted, at Cost)		
National Savings Certificate (Deposited with Sales Tax Authorities)	23	23
	<b>23</b>	<b>23</b>

<b>6. INVENTORIES</b>		
Stores & Spares	3,277	1,543
Raw Materials	43,256	59,114
Work-in-Process	30,405	22,965
Finished Goods	54,661	52,106
	<b>131,599</b>	<b>135,728</b>

## Schedules to Accounts

Rs. In Thousands

Particulars	As at 31.03. 2007	As at 31.03. 2006
<b>7. SUNDRY DEBTORS (Unsecured)</b>		
Debts Outstanding for a period exceeding Six months	711	678
Less: Provision for Doubtful Debts	711	678
Other Debts Considered Good	66,416	39,827
	<b>66,416</b>	<b>39,827</b>

<b>8. CASH AND BANK BALANCES</b>		
Cash on hand	16	12
Remittances in Transit	1,592	3,969
Balances with Scheduled Banks :		
in Current Accounts	20,984	12,671
in Deposit Accounts	14,506	14,815
Includes -		
(a) Rs. 14,410 [31.3.06-Rs. 12,758] pledged with Banks for guarantees issued.		
(b) Rs. 72 [31.3.06 - Rs. 57] deposited with Sales Tax authorities as Security		
	<b>37,098</b>	<b>31,467</b>

<b>9. LOANS AND ADVANCES (Unsecured)</b>		
Advances recoverable in cash or in kind or for value to be received	16,941	27,279
Balances with Customs, Excise etc.	1,870	921
Advance Payment of Taxes	439	362
Other Deposits	1,433	2,468
	<b>20,683</b>	<b>31,030</b>
Less : Provision for Doubtful Advances	(9,853)	-
	<b>10,830</b>	<b>31,030</b>
Of the above :		
Considered Good	10,830	-
Considered Doubtful	9,853	-
	<b>20,683</b>	<b>-</b>

<b>10. CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. Liabilities</b>		
Acceptances	19,546	64,460
Sundry Creditors		
Due to Small Scale Industrial Undertakings	1,202	3,194
Due to Others	196,328	98,838
Advance from Customers	2,657	937
Interest accrued but not due on Loan	2,515	5,719
Other Liabilities	29,848	18,110
	<b>252,096</b>	<b>191,258</b>
<b>B. Provisions</b>		
Provision for Gratuity/ Superannuation	3,282	4,383
Provision for Leave Encashment	3,078	1,378
	<b>6,360</b>	<b>5,761</b>

<b>11. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		
Preliminary Expenses	-	221
Deferred Revenue Expenditure		
Marketing Expenses	-	1,430
	<b>-</b>	<b>1,651</b>

**Schedules to Accounts**

Rs. In Thousands

Particulars	For the Year Apr 06 to Mar 07	For the period Oct 04 to Mar 06
<b>12. OTHER INCOME</b>		
Interest on Deposits with Bank [Tax Deducted at Source: Rs. 439 (P. Y. Rs. 173)]	1,157	1,151
Sale of Scrap	6,008	5,491
Sundry Creditors written back	-	2,421
Provision for contingency, no longer required written back	-	2,850
Provision for Doubtful Debts, no longer required written back	-	309
	<b>7,165</b>	<b>12,222</b>

<b>13. OPERATING AND OTHER EXPENSES</b>		
Employee Costs :		
Salaries, Wages and Bonus (includes Provision for Leave Encashment Rs. 1700 [2005-06 Rs. 1378])	72,604	106,851
Contribution to Provident and Other Funds	6,620	8,495
Workmen and Staff Welfare Expenses	2,638	2,988
	<b>81,862</b>	<b>118,334</b>
Rent	2,450	2,231
Rates and Taxes	5,764	7,109
Insurance	4,211	5,646
Raw Materials Consumed	379,661	526,727
Purchase of Finished Goods for Resale	222,775	120,542
Excise Duty	3,560	2,084
Processing Charges	16,939	28,762
Stores and Spares Consumed	7,884	12,651
Power and Fuel	14,386	20,872
Repairs and Maintenance:		
Plant and Machinery	883	964
Buildings	100	443
Others	520	303
Legal and Professional Charges	1,703	2,785
Travelling and Conveyance	24,914	30,483
Postage and Communication Expenses	2,729	5,015
Advertisement, Sales Promotion and Marketing Expenses	48,580	72,162
Freight, Shipping and Selling Expenses	32,791	53,310
Bank Charges	8,335	15,262
Directors Sitting Fees	2	78
Loss on sale of Fixed Asset	-	379
Doubtful Debts / Advances	11,706	1,447
Miscellaneous Expenses	4,495	12,000
	<b>876,250</b>	<b>1,039,589</b>

<b>14. FINANCE CHARGES</b>		
Interest - Fixed Loans	15,013	37,665
Interest - Others	11,181	12,382
	<b>26,194</b>	<b>50,047</b>

**Schedule to Accounts**
**15. NOTES ON ACCOUNTS**
**A Significant Accounting Policies**
**(i) Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (Indian GAAP) as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recorded on accrual basis.

**Schedule to Accounts**
**15. NOTES ON ACCOUNTS (Contd.)**
**(ii) Use of Estimates**

The preparation of the financial statements is in conformity with Indian GAAP, which requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although such estimates are made on a reasonable basis taking into account all relevant information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

**(iii) Fixed Assets and Depreciation**

Fixed Assets are stated at their original cost of acquisition and subsequent improvements thereto including taxes, duties, freight, other incidental expenses related to acquisition and installation of the assets concerned, and incidental expenditure during construction period. Machinery spares of irregular usage are stated at their original cost of acquisition and amortised within the useful lives of the plant and machinery to which they relate. Depreciation is provided on the Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**(iv) Inventories**

Inventories (net of CENVAT Credit) are valued at lower of cost and net realisable value. The costs in general are ascertained under weighted average method. Stores individually costing up to Rs.1 are charged off to revenue on purchase.

**(v) Foreign Currency Transactions**

Foreign currency liabilities contracted for acquiring fixed assets from a place outside India are restated at the forward contracted rate/ rates ruling at the year end and all exchange differences arising as a result of such restatement are adjusted to the cost of Fixed Assets.

All other monetary liabilities / assets denominated in Foreign Currency are restated at the forward contracted rate / rates ruling at the year end and all exchange gains / losses arising therefrom are adjusted to the Profit and Loss Account of the accounting period except those covered by the forward contracted rates where the gains / losses arising on such restatements are recognised over the period of such contract.

**(vi) Investments**

Long Term Investments are carried at cost less provision for permanent diminution in value of such investments.

**(vii) Miscellaneous Expenditure**

Preliminary Expenses are amortised over a period of ten years.

**(viii) Revenue Recognition**

Sales are recognised on despatch to customers. Sales are exclusive of Sales Tax.

**(ix) Employee Benefits**

Retirement benefits are paid/ provided for as per the statutes/contracts/ amounts advised by the Funds except for leave encashment which is provided for as per actuarial valuation.

**(x) Borrowing Costs**

Borrowing Costs other than that attributable to a qualifying asset are expensed as and when incurred.

**(xi) Income Tax**

Tax expense comprising current tax and deferred tax are recognised in the profit and loss account for the year. Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the Tax Laws.

Rs. in Thousands

	31.03.2007	31.03.2006
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**B. Notes to Accounts**

**1. Going Concern**

The Company has incurred a net loss of Rs. 92601K for the year ended 31st March 2007 and as at that date, its accumulated losses of Rs. 323057K have substantially eroded its paid up Capital of Rs. 490000K.

The Board of Directors of the Company in its meeting held on 13th April 2007 has approved a scheme of Amalgamation [ 'the Scheme' ] with effect from 1st April 2007 with its Holding Company, Eveready Industries India Limited [EIII] and in respect of which EIII has given necessary intimation to the Stock Exchanges.

In view of the foregoing, the financial statements of the Company have been prepared on 'going concern' basis.

2. Estimated amount of contracts remaining to be executed on capital account (net of advances Rs. 70K [PY Rs. Nil] ) and not provided for 70 344

**3. Contingent Liabilities:**

a) Matter relating to Indirect Taxes - 11,374  
 b) Other sums for which the company is contingently liable - 1,594

4. a) Profit & Loss A/c includes Exchange Gain of Rs. 1,105K (Previous Year Rs. 362K)

b) The Company has entered into Forward Exchange Contract [being a derivative instrument], which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

Outstanding Forward Exchange Contracts entered into by the Company –

Year / Period	Currency	Amount (US \$)	Buy / Sell	Cross Currency
2006-07	US Dollar	496	Buy	Rupees
01.10.04 - 31.03.06	US Dollar	1445	Buy	Rupees

**5. Managerial remuneration u/s. 198(4) of the Companies Act**

a. To Whole-time Director [excluding Contribution to Superannuation and Provision for Leave Encashment]

Salary and Allowances	1,350	3,908
Contribution to Provident and Other Funds	158	441

In the absence of Profits the above has been considered to be the minimum remuneration in accordance with Part II Schedule XIII to the Companies Act, 1956.

**6. Auditor's Remuneration [Included under legal and Professional Charges in Schedule 13] : \***

Audit Fees	264	400
Tax Audit Fees [Note (a) & (b)]	152	112
Certification Fees	11	1

Note : (a) Includes Rs. 76K paid to Previous Auditors  
 (b) Payment to Previous Auditors Rs. 76K for Tax Audit

\* Excludes service tax

7. Names of Small Scale Industrial undertakings (SSI's) to whom the Company owe a sum which is outstanding for more than 30 days.  
 Jobland Enterprises, GM Packs, GM Incorporation, Star Electronics, S.P. Electronics, Excel Engineers.

	March 2007	March 2006
8. a) Breakup of deferred tax assets/liabilities:		
Timing difference on Depreciation (liability)	-	89,067
Timing difference in expenses (asset)	-	1,312
Unabsorbed Depreciation (asset)	-	136,881
<b>Net Asset disclosed as a separate item in the Balance Sheet</b>	-	49,126

The Company has Deferred Tax Assets aggregating to Rs. 49126K mainly comprising of unabsorbed depreciation and carried forward losses which has not been recognised in the Financial Statements in accordance with the reference of AS 22.

b) No provision has been made towards current taxes in view of carried forward losses and unabsorbed depreciation.

**9. Related Party Disclosure**

Rs. In Thousands

Particulars	Amount 2006-07	Amount Oct 04-Mar 06
<b>A. HOLDING COMPANY</b>		
1) BPL Limited [Holding Company] - Upto 22.11.2005		
<b>Transactions during the period with the above parties :</b>		
Purchases (net of returns)	-	4,849
Sales	-	1,862
Share of Expenses (Incurred by Related Parties)	-	1,012
Share of Expenses (Incurred by the Company)	-	1,657
Interest on Unsecured Loan	-	491
Written back to Profit & Loss Account	-	313
<b>Balance outstanding at the period end</b>	-	-
2) Eveready Industries India Ltd. [Holding Company] - From 23.11.05		
<b>Transactions during the period with the above parties :</b>		
Purchase of Goods	192,720	124,723
Sale of Goods	21,904	1,090
Services Received - Reimbursement of Expenses	11,211	2,196
Services Rendered - Reimbursement received	1,379	67
<b>Balance Outstanding</b>		
Unsecured Loan	41,000	41,000
Amounts payable	38,007	57,060
<b>B. FELLOW SUBSIDIARIES</b>		
1) BPL Display Devices Limited - Upto 22.11.2005		
2) BPL Telcom Private Limited - Upto 22.11.2005		
<b>Transactions during the period with the above parties :</b>		
Services	-	119
Sales	-	47
Written back to Profit & Loss Account	-	175
<b>Balance outstanding at the period end</b>	-	-
<b>C. COMPANIES ABLE TO EXERCISE SIGNIFICANT INFLUENCE</b>		
BPL Sanyo Private Limited - Upto 22.11.2005		
<b>Transactions during the period with the above parties :</b>		
Sales	-	65
Share of Expenses (Incurred by Company)	-	-
<b>Balance outstanding at the period end</b>	-	-
<b>D. KEY MANAGEMENT PERSONNEL</b>		
Whole Time Director		
<b>Transactions during the period with the above parties :</b>	1,508	4,349

**10. Particulars of Capacity and Production :**

Rs. In Thousands

Class of Goods	Unit	Licensed Capacity [Note (i) below]	Installed Capacity [000's] [Note (ii) below]	Actual Production [000's]
Dry Cell Battery	Nos.	NA	240,000 (360,000)	171,492 (254,721)

Notes:

- (i) As Certified by the Management.
- (ii) The Company is exempt from the licensing provisions of the Industries (Development Regulation) Act, 1951
- (iii) On triple shift basis.

**11. Particulars of Stocks and Turnover :**

Class of Goods	Opening Stock		Purchases		Sales/Adjustments		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
	(Nos.000)	(Rs. '000)	(Nos.000)	(Rs. '000)	(Nos.000)	(Rs. '000)	(Nos.000)	(Rs. '000)
Battery	12,963 (6,574)	50,672 (19,604)	49,387 (68,892)	209,251 (157,588)	219,982 (317,224)	992,985 (1,292,893)	13,860 (12,963)	52,748 (50,672)
Torches	42 (24)	1,274 (2,166)	312 (354)	13,523 (11,294)	326 (440)	19,041 (23,521)	28 (42)	1,914 (1,274)
Others	- -	160 (1,049)	- -	- (426)	- -	- (2,390)	- -	- (160)
	13,005 (6,598)	52,106 (22,819)	49,699 (69,246)	222,775 (169,308)	220,308 (317,664)	1,012,026 (1,318,804)	13,888 (13,005)	54,662 (52,106)

Notes :

- 1. Closing stock is after adjustment for shortage / excess, write-off, etc.
- 2. Purchase of Finished Goods for resale includes Rs. 209251K (Previous Year Rs. 157588K) towards purchase of 49387K Pcs. (Previous Year 68892 KPCs) of Batteries and Rs. 13523K (Previous Year Rs. 11294K) towards purchase of 312 Kpcs (Previous Year 354 KPCs) of Flashlights.

**12. Particulars of Raw Materials Consumed :**

	Unit	2006 - 07 (1.10.04 - 31.03.06)	
		Quantity	Value
Zinc Spelter	Kg	954,821 (1,839,437)	151,070 (133,859)
Electrolytic Manganese Dioxide (EMD)	Kg	766,036 (968,230)	39,325 (49,520)
Printed Tin Sheets	Nos.	867,298 (1,400,743)	50,497 (97,814)
Others		-	138,494 (248,332)
			379,387
			<b>(529,525)</b>
<b>Whereof :</b>		%	Value
Imported		45 (39)	169,853 (209,097)
Indigenous		55 (61)	209,533 (320,428)
		100 (100)	379,386 (529,525)
<b>Consumption of Stores :</b>			
Imported		6% (0%)	453 (-)
Indigenous		94% (100%)	7,431 (12,651)
		100 (100)	7,884 (12,651)

**13. Value of Imports on C.I.F basis :**

Rs. In Thousands

	March 2007	March 2006
Raw Materials	151,452	217,925
Traded Goods	17,970	13,468
Spare Parts	437	-

**14. Expenditure in Foreign Currency :**

	March 2007	March 2006
Interest	3,028	2,201
Foreign Travel	2,432	174

**15. Earnings per Share :**

Basic and Diluted EPS		
Profit after Tax	(92,601)	(18,802)
Weighted Average Number of Equity Shares outstanding	49,000	49,000
Nominal Value of Equity Share - Rs.	10	10
Basic Earnings Per Share - Rs.	(1.89)	(0.38)

16 The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

17. Previous year's figures have been reclassified/ regrouped wherever necessary. Figures in brackets in Note Nos 10 to 12 relate to previous year.

Signatures to Schedules 1 to 15 forming part of the Balance Sheet and Profit and Loss Account.

For and on behalf of the Board

Place : Kolkata  
Date: 9th May 2007

**S. Saha** Director  
**A. Roy** Director  
**S. Talukdar** Company Secretary

**Balance Sheet Abstract and Company General Business Profile**

**I. Registration Details**

Registration No. 1 9 4 3 6 State Code 0 8  
Balance Sheet Date 3 1 0 3 2 0 0 7  
Date Month Year

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue Rights Issue  
N I L N I L  
Bonus Issue Private Placement  
N I L N I L

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)**

Total Liabilities Total Assets  
6 6 6 0 7 7 6 6 6 0 7 7  
Sources of Funds Reserves & Surplus  
Paid-Up Capital N I L  
4 9 0 0 0 0  
Secured Loans Unsecured Loans  
1 3 5 0 7 7 4 1 0 0 0  
Application of Funds Investments  
Net Fixed Assets 3 5 5 5 1 0  
Net Current Assets Misc. Expenditure  
(-) 1 2 5 1 3  
Accumulated Losses Deferred Tax Asset  
3 2 3 0 5 7 N I L

**IV. Performance of Company (Amount in Rs.Thousands)**

Turnover\* Total Expenditure  
8 9 4 3 9 2 9 3 6 8 3 1  
Profit Before Tax Profit After tax  
(-) 4 2 4 3 9 (-) 9 2 6 0 1  
Earning per Share (in Rs.)\*\* Dividend Rate (%)  
(-) 1 . 8 9 N A

\*Including other income Rs. 7165

\*\*Basic and diluted

**V. Generic Name of Three Principal Products of the Company (as per monetary terms)**

Product Description Item Code (ITC Code)  
Primary Cell /Manganese Dioxide 8 5 0 6 . 1 0  
Portable Electric Lamps 8 5 1 3 . 0 0

For and on behalf of the Board

Place : Kolkata  
Date: 9th May 2007

**S. Saha** Director  
**A. Roy** Director  
**S. Talukdar** Company Secretary