

Report on Corporate Governance

In compliance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, your Company submits the Annual Report on Corporate Governance.

I. Compliance of Mandatory Requirements

A. Company's Philosophy on Corporate Governance

The Company believes that good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to the shareholders and simultaneously enable the Company to fulfill its obligations to other stakeholders such as customers, vendors, employees and financiers, and to the society in general. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best endeavors to uphold and nurture these core values in all aspects of its operations.

B. Board of Directors

(i) Composition of Board, Directorship and Committee Membership in other Companies as at 31st March, 2008

Sl. No.	Directors	Executive/Non-Executive/Independent	No. of Directorships held (excluding **)	Committee Memberships# (excluding**)	
				As Chairman/Chairperson	As Member
1.	Mr. B. M. Khaitan	Non-Executive Chairman	7	–	–
2.	Mr. D. Khaitan	Vice-Chairman & Managing Director	7	–	1
3.	Mr. A. Khaitan	Non-Executive Director	8	–	2
4.	Mr. V. Bhandari	Independent Director	5	1	1
5.	Mr. S.R. Dasgupta	Non-Executive Director	2	–	–
6.	Mr. S. Goenka	Independent Director	11	2	1
7.	Mr. B. Mitter	Independent Director	3	1	3
8.	Mr. D. A. Nanda	Non-Executive Director	4	1	1
9.	Mr. P. H. Ravikumar (Nominee of ICICI Bank Ltd.)	Independent Director	10	2	1
10.	Mr. S. Saha	Wholetime Director	1	–	2

** Foreign Companies, Private Companies and Companies under Section 25 of the Companies Act, 1956.

Only the two committees viz. the Audit Committee and the Shareholders' Grievance Committee are considered for this purpose.

The Non-Executive Directors have no material pecuniary relationships or transactions with the Company in their personal capacity. The Company's Chairman is a Non-Executive Director and as at March 31, 2008, Independent Directors comprise more than one-third of the Board strength.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956 except Mr. B. M. Khaitan, Mr. D. Khaitan and Mr. A. Khaitan, who are father and brothers respectively.

(ii) **Changes in composition of the Board of Directors since last Report :**

Mr. A. Roy, Wholetime Director relinquished his directorship effective December 8, 2007.

(iii) Attendance of Directors in Meetings held during Financial Year 2007-08

	Dates of Board Meetings						Total Present	Date of AGM
	13.4.07	11.5.07	27.7.07	6.9.07	31.10.07	30.1.08		27.7.07
Mr. B. M. Khaitan	A	P	P	P	P	P	5	P
Mr. D. Khaitan	P	P	P	P	A	P	5	P
Mr. A. Khaitan	A	P	P	A	P	P	4	P
Mr. B. Mitter	P	P	P	P	P	P	6	P
Mr. P. H. Ravikumar	A	A	P	A	A	P	2	P
Mr. S. Goenka	P	P	A	P	P	P	5	A
Mr. D. A. Nanda	A	A	A	A	A	P	1	A
Mr. V. Bhandari	A	A	P	A	A	A	1	P
Mr. S. R. Dasgupta	N. A.	P	P	P	P	P	5	P
Mr. S. Saha	P	P	P	P	P	P	6	P
Mr. A. Roy	P	P	P	P	P	N.A.	5	P

P - Attended

A - Leave of absence granted N.A. - Not Applicable

(iv) Code of Conduct

A Code of Conduct has been formulated for the Directors and senior management of the Company and the same is available on the Company's website. A declaration from the Vice Chairman & Managing Director, that all Board Members and senior management personnel have duly complied with the Code of Conduct for the financial year ended March 31, 2008 forms part of the Annual Report.

C. Audit Committee
(i) Terms of Reference

An Audit Committee of the Board was constituted on January 30, 2001. The terms of reference of the Audit Committee are as follows :

- a) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- b) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on :-
 - Matters required to be included in the Directors' Responsibility Statement, as required for the Report of the Board of Directors.
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions, i.e. transactions of the Company

of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

- c) Reviewing with the management, the quarterly financial statements before submission to the Board.
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f) Discussion with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with external auditors before the audit commences on nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
- k) Reviewing the management discussion and analysis of financial condition and results of operations.
- l) Reviewing the management letters/letters of internal control weaknesses, if any.

- m) Reviewing the internal audit reports relating to internal control weaknesses.
- n) Recommending appointment, removal and terms of remuneration of Internal Auditor.

(ii) Composition, Names of Members and Chairman

- a. During the year ended March 31, 2008, the Audit Committee comprised of Mr. P.H. Ravikumar, an Independent Director, as the Chairman and Mr. B Mitter and Mr. S Goenka, all Independent Directors as Members.
- b. Mrs. T Punwani, Senior General Manager Legal and Company Secretary acts as the Secretary of the Audit Committee.
- c. Invitees : (being entitled to attend as per relevant provisions of applicable Laws/Rules and/or when felt necessary) :-
 - (a) The Statutory Auditors and the Cost Auditor
 - (b) The Internal Auditor
 - (c) Director in charge of Finance & Chief Financial Officer.
- (iii) The Annual Accounts for the year ended March 31, 2008 were duly reviewed by the Audit Committee at its Meeting held on May 6 , 2008 prior to adoption by the Board.
- (iv) During the year ended March 31, 2008, 4 Meetings of the Audit Committee were held, the dates being 11.5.07, 27.7.07, 31.10.07 and 30.1.08.
- (v) The attendance of the members of the Audit Committee were as follows :

Members	No. of Meetings attended
Mr. P. H. Ravikumar	2
Mr. S. Goenka	3
Mr. B. Mitter	4

D. Subsidiary Company

Powercell Battery India Ltd. the wholly owned subsidiary of the Company was amalgamated with the Company from April 1, 2007.

Name of Director	Salary (Rs.)	Value of Perquisite & Allowance (Rs.)	Contribution to Retiral Funds (Rs.)#	Total (Rs.)	Tenure as per service contract	Notice Period
Mr. D. Khaitan	84,00,000	1,06,92,963	22,68,000	2,13,60,963	31.05.2008	3 months
Mr. A. Roy*	16,87,833	** 7,43,190	-	24,31,023	N. A.	N. A.
Mr. S. Saha	48,00,000	45,87,031	12,96,000	1,06,83,031	21.03.2011	1 month
TOTAL :	1,48,87,833	1,60,23,184	35,64,000	3,44,75,017		

* Mr. A Roy Wholetime Director relinquished his directorship effective 8.12.2007.

** Includes Leave Encashment of Rs.47,833.

Excluding contribution to Gratuity Fund.

(In the absence of profits, Central Government approval for the payment of above has been received).

E. Remuneration Committee

(i) Terms of Reference

The terms of reference of the Remuneration Committee , which was constituted on April 9 2002, are as follows :

- a. to determine and recommend to the Board of Directors the remuneration package of the Managing Director and Wholetime Directors including periodical revisions therein
- b. to approve, in the event of loss or inadequate profits in any year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956 and approvals as may be necessary.

(ii) Composition, Names of Members and Chairman

The Remuneration Committee of the Board as on March 31, 2008, comprises of Mr. B. Mitter, an Independent Director, as the Chairman, Mr. P.H. Ravikumar and Mr. S. Goenka, all Independent Directors as Members.

- (iii) During the year ended March 31, 2008, 2 Meetings of the Committee were held on 11.5.07 and 30.1.08.

- (iv) As at March 31, 2008, attendance of Members was as follows :-

Members	No. of Meetings attended
Mr. B. Mitter	2
Mr. S. Goenka	2
Mr. P. H. Ravikumar	1

- (v) The Company does not have any Employee Stock Option Scheme.

Remuneration Policy :

The remuneration of the Managing Director and Wholetime Directors and Non-Executive Directors is determined by the Board within the statutory limits subject to shareholders' approval and on the basis of recommendation of the Remuneration Committee.

- (i) The details of Remuneration paid to Wholetime Directors for the year ended March 31, 2008 are as under (Note below) :

- (ii) The details of remuneration paid to Non-Executive Directors during the year and the number of shares held by the Non-Executive Directors as on 31.3.08 are as follows :-

Name of Director	Sitting Fees paid for Board Meetings (Rs.)	Sitting Fees paid for Committee Meetings (Rs.)	Number of Shares Held as on 31.3.08
Mr. B.M. Khaitan	1,00,000	Nil	35,897
Mr. V. Bhandari	20,000	Nil	Nil
Mr. S. Goenka	1,00,000	1,00,000	Nil
Mr. P.H. Ravikumar	40,000	60,000	500
Mr. S.R. Dasgupta	1,00,000	Nil	12,722
Mr. A. Khaitan	80,000	Nil	7,266
Mr. B. Mitter	1,20,000	1,60,000	Nil
Mr. D. A. Nanda	20,000	Nil	Nil
TOTAL :	5,80,000	3,20,000	56,385

With effect from 28.4.2005, the sitting fees payable to the Non-Executive Directors for each Meeting of the Board or any Committee thereof attended by them have been enhanced to Rs. 20,000 from Rs. 10,000 previously.

F. Management

- (i) Management Discussion and Analysis as approved by the Audit Committee has been given as part of the Annual Report.
- (ii) There were no material financial and commercial transactions where senior management of the Company had personal interest that may have a potential conflict with the interest of the Company at large.

G. Shareholders

- (i) The Shareholders'/Investors' Grievance Committee of the Board was constituted on January 30, 2001 and as on March 31, 2008, comprises of Mr. B. Mitter, Independent Director as Chairman and Mr. S. Saha, Wholetime Director.
- (ii) The terms of reference of the Committee are to look into redressal of investors' complaints relating to transfer of shares/debentures,

issue of dividend/interest warrants, repayment of deposits, non-receipt of dividend/interest warrants and notices/annual reports, and other investor grievances.

- (iii) Meetings of the Committee were held on October 15, 2007 and April 21, 2008.
- (iv) As at March 31, 2008, attendance of Members was as follows :-

Members	No. of Meetings attended
Mr. B. Mitter	1
Mr. S. Saha	1

- (v) Mrs. T. Punwani, Senior General Manager Legal & Company Secretary is the 'Compliance Officer' of the Company for the requirements under the Listing Agreements with the Stock Exchanges.
- (vi) Shareholders' Complaints and Redressal as on 31.3.2008 :

Type of Grievances and Category	Dividend Warrant not received	F.D. Interest Warrants not received	F.D. Refund Order not received	Shares not Dematerialised	Non-Receipt of Share Certificates	Annual Report not received	Total
Complaints received during the year	9	Nil	Nil	Nil	10	Nil	19
Complaints Attended to/ Redressed	9	Nil	Nil	Nil	10	Nil	19

- (vii) Number of pending Share Transfers : Nil

- (viii) The Board has delegated the power of share transfer to a committee. The committee attends to share transfer formalities, once a fortnight.

(ix) Details of Directors seeking appointment or re-appointment at the ensuing Annual General Meeting are given as hereunder :

	Seeking re-appointment	Seeking re-appointment	Seeking re-appointment	Seeking re-appointment	Seeking re-appointment
Name of Director	Mr. B. Mitter	Mr. D.A. Nanda	Mr. V. Bhandari	Mr. D. Khaitan	Mr. S. Saha
Date of appointment	23.2.1967	22.3.2005	1.2.2006	23.11.1994	22.3.2005
Expertise in specific functional area	Given in the Notice of the AGM	Given in the Notice of the AGM	Given in the Notice of the AGM	Given in the Notice of the AGM	Given in the Notice of the AGM
List of other Directorships held	-Do-	-Do-	-Do-	-Do-	-Do-
Chairman/Member of the Committees of the Board of Companies in which he is a Director	-Do-	-Do-	-Do-	-Do-	-Do-
Shareholding in the Company in case of non-executive director	Nil	Nil	Nil	N.A.	N.A.

H. General Body Meetings

(i) Details of Annual General Meetings (AGMs)

AGMs	Date of AGMs	Location	Time	Special Resolutions Passed
AGM (72nd)	27.07.2007	Rang Manch, Swabhumi, Kolkata	10.30 a.m.	Yes
AGM (71st)	21.07.2006	Rang Manch, Swabhumi, Kolkata	10.30 a.m.	Yes
AGM (70th)	28.06.2005	Kalamandir, Kolkata.	10.30 a.m.	No

(ii) For the year ended March 31, 2007, there were no Special Resolutions which were put through postal ballot.

(iii) In the Notice of the forthcoming 73rd Annual General Meeting there are no items of business (Special Resolutions) which require to be conducted through postal ballot.

I. Disclosures

(i) Related party transactions have been disclosed under Note 26 in Schedule 18 to the Accounts for the year under review. A Statement in summary form of transactions with related parties in the ordinary course of business are placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arms length basis. The Company did not have any significant related party transactions, which may have potential conflict with the interest of the Company.

(ii) While preparation of financial statements during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.

(iii) Company has laid down adequate procedures to inform the Board about the risk assessment and risk minimization procedures.

(iv) The Company has complied with all the requirements of the listing agreements with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

(v) Proceeds from Issues during year under review :

Issue of Convertible Warrants on preferential basis

The utilization of the proceeds has been disclosed in Note 34 in Schedule 18 to the Accounts.

J. Means of Communication

(i) Financial Results

Quarterly, half-yearly and annual results in the forms prescribed by Clause 41 of the Stock Exchange Listing Agreements are published in prominent dailies such as Business Standard/Financial Express (English) and Pratidin/Aajkal (Bengali) newspapers and also displayed on the Company's website www.evereadyindustries.com as well as the EDIFAR website of SEBI.

(ii) Other Information

General Information on the Company, official news releases and presentations to analysts and institutional investors are also posted on the Company's website.

K. CEO/CFO Certification

The Company is duly placing a certificate to the Board from the CEO and CFO in accordance with the provisions of Clause 49(V) of the Listing Agreement. The aforesaid certificate duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2008 has been placed before the Board in the meeting held on 6th May, 2008.

L. General Shareholders' Information
1. Annual General Meeting :

Date	Time	Venue
July 30, 2008	10.30 a.m.	Rang Manch, Swabhumi, The Heritage Plaza 89C, Moulana Abul Kalam Azad Sarani, Kolkata - 700 054

2. Financial Calendar (tentative) for the year 2008-2009

Publication of Unaudited results for the quarter ending June 2008	: In the month of July 2008
Publication of Unaudited results for the half-year ending September 2008	: In the month of October 2008
Publication of Unaudited results for the quarter ending December 2008	: In the month of January 2009
Publication of audited accounts for the year ending March 2009	: In the month of May 2009
Annual General Meeting for the year ending March 2009	: In the month of July 2009

3. Dates of Book Closure

: The Register of Members of the Company will remain closed from July 18, 2008 to July 30, 2008 (both days inclusive) for the purpose of the Annual General Meeting of the Company.

4. Listing on Stock Exchanges

- : • The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata – 700 001.
- Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
- National Stock Exchange of India Ltd.
Exchange Plaza, Bandra - Kurla Complex, Bandra (E),
Mumbai – 400 051.

The shares of the Company can be traded on all the recognised Stock Exchanges in India. The Annual Listing Fees for 2007-2008 have been paid to all the three Stock Exchanges within the scheduled dates.

Global Depository Receipts (GDRs) issued by the Company in the international market have been listed on the Luxembourg Stock Exchange.

5. Stock Code

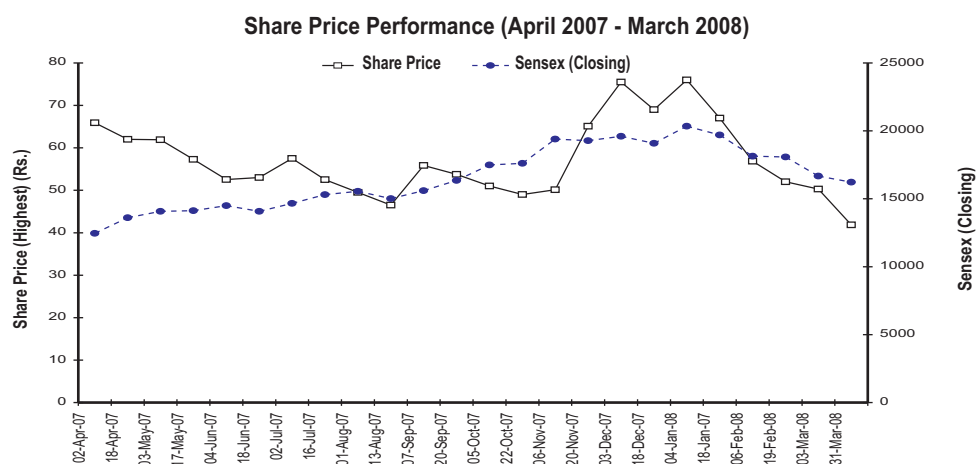
: The Calcutta Stock Exchange Association Ltd. : 10000029
Bombay Stock Exchange Ltd. : 531508
National Stock Exchange of India Ltd : EVEREADY

6. Stock Market Price Data :

Amount (Rs.)

Month	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.			
	High	Low	High	Low		
2007	April	65.90	58.50	65.80	58.75	
	May	61.90	50.95	61.25	51.10	
	June	58.70	48.95	58.60	48.05	
	July	57.50	48.00	57.35	48.30	
	August	58.90	42.50	58.75	42.10	
	September	57.25	47.20	57.20	47.75	
	October	51.00	39.55	50.60	38.50	
	November	75.50	41.55	75.00	43.00	
	December	75.50	64.00	76.80	64.05	
	2008	January	76.00	50.05	75.30	51.00
		February	56.85	46.15	55.70	46.00
		March	50.30	34.05	51.00	33.55

7. Performance in comparison with BSE Sensex (Share price as on BSE) :



8. Registrar and Transfer Agents :

Pursuant to Regulation 53A of the Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996, the Company has appointed the following SEBI registered Agency as the Common Registrar & Share Transfer Agent of the Company for both the Physical and Dematerialised segment with effect from November 1, 2003 :

Maheshwari Datamatics Private Limited

6, Mangoe Lane, Kolkata – 700 001 • Phone No. (033) 2243 5809, 2243 5029, Fax No. (033) 2248 4787

9. Share Transfer System for Physical Shares :

The Directors' Share & Debenture Transfer Committee of the Company generally meets fortnightly for approving share transfers and for other related activities. The average time taken for processing of Share transfers including despatch of share certificate is about three weeks. The time taken to process dematerialisation requests is about 12 to 14 days.

10. Distribution of Shareholding as on 31st March, 2008 :

According to category of Holding :

Category	No. of Shares held	Percentage of shareholding
A. Promoters Holding	2,91,97,704	40.17
Sub-Total	2,91,97,704	40.17
B. Non-Promoters Holding		
1. Institutional Investors		
a. Mutual Funds and UTI	83,96,402	11.55
b. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions / Non-government Institutions)	48,02,160	6.61
c. FII's	1,19,44,068	16.43
Sub-Total	2,51,42,630	34.59
2. Others		
a. Private Corporate Bodies	35,88,531	4.94
b. Indian Public	1,42,39,436	19.59
c. NRIs/OCBs	5,18,959	0.71
d. Any other (Please specify)	-	-
Sub-Total	1,83,46,926	25.24
Grand Total	7,26,87,260	100.00

According to number of Ordinary Shares held :

	No. of Ordinary Shares held	No. of Shareholders	% of Shareholders
1 to 50	4,49,523	21,473	35.23
51 to 100	13,50,807	15,531	25.48
101 to 150	6,94,445	5,291	8.68
151 to 250	13,99,837	6,920	11.35
251 to 500	25,50,276	6,691	10.98
501 to 5000	60,53,476	4,685	7.68
5001 and above	6,01,88,896	367	0.60
TOTAL	7,26,87,260	60,958	100.00

11. Dematerialisation of shareholding and liquidity :

The Company has entered into Agreement with both the Depositories registered under the Depositories Act, 1996, i.e. National Securities Depository Ltd. (NSDL), Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 and Central Depository Services (India) Ltd. (CDSL), Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400 001 to facilitate holding and trading in shares of the Company in dematerialised form in accordance with the provisions of the Depositories Act, 1996.

Scripts of the Company have been mandated by SEBI for settlement only in dematerialised form by all investors effective March 21, 2000. Mention may be made that 95.88% of the total shares of the Company has since been dematerialised.

ISIN No. for the Company's ordinary shares in Demat Form : INE 128AO1029

12. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity :

The Company has made the following issues during the year under review :

Issue of Convertible Warrants on preferential basis

45,00,000 Convertible Warrants were issued and allotted on a preferential basis to one proposed allottee on October 17, 2007. The Convertible Warrants are convertible at the sole option of the Warrant holder within a period of 18 months from the date of allotment of the warrant (i.e. April 16, 2009) in one or more tranches. An amount of Rs. 2,61,00,000/- being 10% of the price of the underlying equity shares @ Rs. 58/- per share was received from the proposed allottee on the date of allotment of the Warrants.

13. Insider Trading :

The Code of Insider Procedure & Conduct and Code of Corporate Disclosure Practices as suggested under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended by the Notification of 20th February, 2003 has been approved by the Board on 28th June, 2003 and is effective.

14. Plant Location

Battery Manufacturing Units

National Carbon Plant
5, Rustomji Parsee Road, Cossipore, Kolkata – 700 002

National Carbon Plant
1, Taratola Road, Kolkata – 700 088

National Carbon Plant
1075, Tiruvottiyur High Road, Chennai – 600 019

National Carbon Plant
Industrial Area, Moula Ali, Hyderabad – 500 040

National Carbon Plant
B-1, Sector - 80, Phase II, Noida, Gautam Budh Nagar, U.P. – 201 305

National Carbon Plant
Plot No. 6, Sector - 12, IIE SIDCUL, Haridwar – 249 403

Plastic Processing Unit

Plastics Processing Plant
B-2, Sector – 80, Phase II, Noida
Gautam Budh Nagar, U.P. – 201305

Flashlight Manufacturing Units

The Eveready Flashlight Plant
Mill Road, Aishbagh, Lucknow -226 004

Flashlight Unit
E-32, Selaqui Industrial Area
Vikas Nagar, Dehra Dun, Uttaranchal.

Metals & Alloys Manufacturing Units

Metals & Ores Plant
P-4, Transport Depot Road
Kolkata – 700 088

Metals & Ores Plant
123/2 & 3, Ponneri Road
Vaikadu Village, Manali New Town
Chennai – 600 103

Packet Tea Unit

Chuapara, Dist. Jalpiguri, West Bengal.

15. Whom and where to contact for Share and related services :

Any assistance regarding share transfers and transmissions, change of address, non-receipt of dividends, duplicate/missing Share Certificates, demat and other matters, and for redressal of all share-related complaints and grievances please write to or contact the Registrar & Share Transfer Agent or the Share Department of the Company at the addresses given below :

Maheshwari Datamatics Private Ltd.

6, Mangoe Lane, Kolkata – 700 001
Phone No.: (033) 2243-5809, 2243-5029
Fax No. : (033) 2248-4787

Share Department**Eveready Industries India Ltd.**

Jeevan Deep, 1 Middleton Street, Kolkata-700071
Phone No. : (033) 2288-3950, 2288-2147
Fax No. : (033) 2288-4059

II. Compliance of Non-Mandatory Requirements**(i) Chairman of the Board :**

During the year under review, no expenses were incurred in connection with the office of the Chairman.

(ii) Remuneration Committee :

The Company has a Remuneration Committee comprising of

Mr. B. Mitter, Mr. P.H. Ravikumar and Mr S Goenka as Members as stated in item No. E of Section I above.

(iii) Shareholder Rights :

Half-yearly results including summary of the significant events are presently not being sent to the Shareholders of the Company.

(iv) Audit Qualifications :

Nil.

(v) Training of Board Members :

There was no Directors' Training Programme during the year under review.

(vi) Mechanism for evaluating Non-Executive Board Members :

There is no mechanism for evaluating Non-Executive Board Members at present.

(vii) Whistle Blower Policy :

There is no Whistle Blower Policy at present.

For and on behalf of the Board

Kolkata
6th May, 2008

B. M. Khaitan
Chairman

Auditors' Certificate**Regarding Compliance of Conditions of Corporate Governance**

To the Members of

EVEREADY INDUSTRIES INDIA LIMITED

1. We have examined the compliance of conditions of corporate governance by **Eveready Industries India Limited** ("the Company") for the year ended 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kolkata
6th May, 2008

For **Deloitte Haskins & Sells**

Chartered Accountants

K. Rajasekhar

Partner

Membership No. : 23341

CERTIFICATE OF COMPLIANCE OF THE CODE OF CONDUCT OF THE COMPANY

This is to state that the Company had duly adopted a Code of Conduct in the meeting of the Board of Directors held on 18th January, 2005. After adoption of the Code of Conduct, the same was circulated to all the Board Members and senior management personnel for compliance. The Code of Conduct has also been posted on the website of the Company. The Company has since received declarations from all the Board Members and senior management personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year ended March 31, 2008. The same has been duly noted by the Board in its meeting held on 6th May, 2008.

Kolkata
6th May, 2008

D. Khaitan
Executive Vice-Chairman & Managing Director

CERTIFICATE AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required by Clause 49 of the Listing Agreement with the Stock Exchange we hereby certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008 and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief no transaction entered into by the Company during the year ended March 31, 2008 which are fraudulent, illegal, or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Wherever there are deficiencies in the design or operations of such internal controls of which we are aware, the same is disclosed to the auditors and the audit committee and steps have been taken or proposed to be taken to rectify the deficiencies.

Kolkata
6th May, 2008

D. Khaitan
Executive Vice-Chairman & Managing Director

S. Saha
Director

Annexure to the Directors' Report

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2008.

A. Conservation of Energy

Energy conservation continued to be an area of priority. Continued efforts in this area resulted in a saving of 2% energy compared to the previous year.

The Company continued to harness non-conventional energy and 1.6 million units of electricity was generated through wind and solar energy, thereby meeting part of the energy requirements of manufacturing operations.

B. Technology Absorption / Modernisation

Research & Development

1. Specific areas in which the Company carried out R&D :
 - a) A cost effective alternate to the cathodic mix formulation was developed and introduced in all R20 batteries there by improving the performance in all application tests.
 - b) An alternate corrosion protection coating was developed as a substitute for the expensive nickel-plated brass cap for R20 export batteries.
 - c) Battery testing capacity was increased in the central testing laboratory.
 - d) Improvement was made in dishwash bar effectiveness by using new additives.
 - e) Specifications of all key battery raw materials were made more stringent to improve the performance of batteries.
 - f) A project was sponsored to a renowned national laboratory in order to develop a cost effective anodic alloy.
2. Benefits derived as a result of above R&D :

The changes that are implemented in manufacturing locations will improve the outgoing product quality and reliability and will enable reduction in raw material costs.
3. Expenditure on R&D :

	Rs. Lakhs	
	Year ended 31.03.2008	Year ended 31.03.2007
a. Capital	15.00	-
b. Recurring	108.56	107.93
c. Total	123.56	107.93
d. Total R&D Expenditure as % of Turnover	0.15%	0.14%

Technology Absorption, Adaptation & Innovation

The technologies developed and adopted in the plants were absorbed by all the plant locations.

Auditors' Report

To the Members of

Eveready Industries India Limited

1. We have audited the attached balance sheet of Eveready Industries India Limited as at 31st March, 2008, 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 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 :
 - (a) Note 5 of Schedule 18 forming part of the financial statements regarding amortization of brand over a period of 40 years on the basis of an expert opinion.
 - (b) Note 10(b) of Schedule 18 forming part of the financial statements regarding remuneration to a director and in respect of which Central Government approval is awaited.
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 2008;
 - (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 written representations received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2008 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, 6th May, 2008

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(xii), (xiii), (xiv), (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 generally 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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial portion of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.

- (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 inventory. 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 had granted loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year-end, the outstanding balance of loans granted aggregated to Rs. 26.29 lakhs and the maximum amount involved during the year was Rs. 54.60 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the company.
 - (c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the company.
 - (d) The company had not taken loans from any parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (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, the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions (excluding loans reported in paragraph (iii) above) exceeding the value of Rupees five lakhs in respect of any party made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are prima facie reasonable having regard to the prevalent market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits Rules, 1975) with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (viii) 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. According to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the company.
- (ix) In respect of statutory dues :
- (a) According to the information and explanations given to us, the company has been generally regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, investor education and protection fund, employee state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection 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, 2008 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, details of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited as on 31st March, 2008 on account of any dispute are given below :

Name of Statute	Nature of dues	Amount Rs. Lakhs	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Sales Tax	41.99	1999-2000 & 2001-03	Asst. Commissioner of Sales Tax
		3.51	2006-07	Trade Tax Tribunal
		1.17	1998-99 & 2003-04	Addl. Commissioner of Sales Tax
		1.30	1995-1996	Commissioner of Sales Tax
		62.70	2000-01, 2001-02 & 2003-04	Joint Commissioner of Commercial Tax (Appeals)
Central Excise Act	Central Excise	156.15	1985-86 to 1998-99 & 2001-06	Commissioner of Central Excise
		851.53	1991-92 to 2006-07	Central Excise & Service Tax Appellate Tribunal
		71.83	1996-97 & 1997-98	Additional Commissioner of Central Excise
		908.68	1997-98 to 2002-03	High Court
		73.40	1995-96 to 1998-99 & 2002-03 to 2006-07	Asst. Commissioner of Central Excise
		147.43	2003-04 to 2006-07	Joint Commissioner of Central Excise
		171.91	2002-03 to 2004-05	Commissioner of Central Excise
		132.40	2001-02 to 2004-05	Deputy Commissioner of Central Excise
Central Excise Act	Service Tax	14.97	2006-07	Commissioner of Central Excise & Service Tax (Appeals)

- (x) The company has accumulated losses of Rs. 1,931.85 lakhs as at 31st March, 2008 and has not incurred cash losses during the financial year covered by our audit or the immediately preceding year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from banks are not prima facie prejudicial to the interests of the company.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were prima facie, applied by the company during the year for the purposes for which the loans were obtained except for Rs.3,201.19 lakhs which, pending application, has been credited to the Company's cash credit account with the banks.
- (xiv) 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.

- (xv) According to the information and explanations given to us, no money was raised by public issue during the year.
- (xvi) 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. Rajasekhar
Partner

Kolkata, 6th May, 2008

Membership No.: 23341