# CONSOLIDATED FINANCIAL STATEMENTS WITH AUDITORS' REPORT

## Auditors' Report

To the Board of Directors of
**Eveready Industries India Limited**

1. We have audited the attached Consolidated Balance Sheet of EVEREADY INDUSTRIES INDIA LIMITED ("the Company"), and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs.18,997.36 Lakhs as at 31st March, 2010, total revenues of Rs.13,593.72 Lakhs and net cash flows amounting to Rs.314.28 Lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Attention is invited to Note 6 of Schedule 17 forming part of the financial statements regarding amortization of brand over a period of 40 years on the basis of an expert opinion.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
*Chartered Accountants*
Registration No. 302009E
**K. Rajasekhar**
*Partner*
Membership No.: 23341

Hyderabad, July 30, 2010

# Consolidated Profit and Loss Account

**For the year ended March 31, 2010**

| | Schedule | | Rs. Lakhs |
|---|---|---|---|
| **Income** | | | |
| Sales | 1 | 1,14,686.30 | |
| Less : Excise Duty | | 4,270.16 | 1,10,416.14 |
| Net Profit on Sale of Real Estate | | | 703.23 |
| Other Operating Income | 2 | | 152.05 |
| Provision no longer required written back | | | 124.68 |
| | | | **1,11,396.10** |
| **Expenditure** | | | |
| Operating Expenses | 3 | | 1,04,770.74 |
| (Increase) / Decrease in inventories of Finished Goods and Work-in-progress | | | (4,530.72) |
| Provision - Others | | | 107.36 |
| Depreciation | | 4,375.36 | |
| Less : Transferred from Revaluation Reserve | | (1,774.00) | 2,601.36 |
| Interest and Finance Cost | 4 | | 3,176.47 |
| | | | **1,06,125.21** |
| **Net Profit Before Taxation & Exceptional Items** | | | **5,270.89** |
| Exceptional Items | | | |
| - Profit on Surrender of Leasehold Rights & Other Related Assets | | | 10,645.87 |
| - Workmen Separation Cost | | | 715.28 |
| - Expenditure relating to Investment in Subsidiary | | | 193.01 |
| **Net Profit Before Taxation** | | | **15,008.47** |
| Provision for Taxation | | | |
| - Current including Wealth Tax | | 2,974.70 | |
| - Deferred | | (688.52) | 2,286.18 |
| **Net Profit after Taxation before Minority Interest** | | | **12,722.29** |
| Minority Interest | | | 0.61 |
| **Net Profit after Taxation after Minority Interest** | | | **12,722.90** |
| Balance brought forward from Previous Year | | | 8.37 |
| **Amount Available for Appropriations** | | | **12,731.27** |
| - Proposed Dividend | | | 363.44 |
| - Tax on Proposed Dividend | | | 60.36 |
| - Transferred to General Reserve | | | 10,000.00 |
| **Balance carried forward to Balance Sheet** | | | **2,307.47** |
| Earnings Per Share (Face Value Rs. 5 each ) | | | |
| - Basic | | | 17.50 |
| - Diluted | | | 17.50 |
| Significant Accounting Policies and Notes | 17 | | |
| The Schedules referred to above form an integral part of the Profit and Loss Account. | | | |

In terms of our report attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*
**K. Rajasekhar**
*Partner*
Hyderabad, July 30, 2010

For and on behalf of the Board of Directors
**D. Khaitan**
*Executive Vice-Chairman & Managing Director*
**S. Saha**
*Wholetime Director*
**T. Punwani**
*Sr. General Manager – Legal & Company Secretary*
Kolkata, July 30, 2010

# Consolidated Balance Sheet

## As at March 31, 2010

| | Schedule | | Rs. Lakhs |
|---|---|---|---|
| **Funds Employed** | | | |
| Fixed Assets | | | |
| Goodwill | | 6,765.54 | |
| Fixed Assets | 5 | 84,073.15 | |
| Capital Expenditure in Progress | | 1,294.77 | 92,133.46 |
| Investments | 6 | | – |
| Current Assets | | | |
| Inventories | 7 | 23,717.12 | |
| Sundry Debtors | 8 | 6,583.73 | |
| Cash & Bank Balances | 9 | 2,516.64 | |
| Loans and Advances | 10 | 9,876.38 | |
| | | 42,693.87 | |
| Less : Current Liabilities | 11 | 30,998.07 | |
| Provisions | 12 | 4,115.56 | |
| | | 35,113.63 | |
| Net Current Assets | | | 7,580.24 |
| | | | **99,713.70** |
| **Financed by** | | | |
| Share Capital and Reserves | | | |
| Share Capital | 13 | 3,634.36 | |
| Reserves and Surplus | 14 | 61,173.24 | 64,807.60 |
| Minority Interest | | | (103.54) |
| Loan Funds | | | |
| Secured Loans | 15 | 28,357.68 | |
| Unsecured Loans | 16 | 5,621.74 | 33,979.42 |
| Deferred Tax Liability (Net) | | | 1,030.22 |
| | | | **99,713.70** |
| Significant Accounting Policies & Notes | 17 | | |

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

In terms of our report attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*
**K. Rajasekhar**
*Partner*
Hyderabad, July 30, 2010

For and on behalf of the Board of Directors

**D. Khaitan**
*Executive Vice-Chairman & Managing Director*

**S. Saha**
*Wholetime Director*

**T. Punwani**
*Sr. General Manager – Legal & Company Secretary*
Kolkata, July 30, 2010

# Consolidated Cash Flow Statement

## For the year ended March 31, 2010

| | | Rs. Lakhs |
|---|---|---|
| **A.** | **Cash Flow from Operating Activities** | |
| | Net Profit before tax | 15,008.47 |
| | **Adjustments for :** | |
| | Doubtful Debts & Advances (Net) | 81.54 |
| | Provision for Contingencies written back | (124.68) |
| | Provision - Others | 107.36 |
| | Depreciation | 2,601.37 |
| | Write off of Fixed Asset | 3.65 |
| | Unrealised Net Exchange (Gain)/Loss | (438.10) |
| | Investment/Interest Income | (74.93) |
| | Interest (Net) | 3,421.84 |
| | Profit / (Loss) on Sale/Disposal of Real Estate / Fixed Assets | (11,340.11) |
| | | **9,246.41** |
| | Misc expenditure charged to P&L | 1,015.55 |
| | **Operating Profit Before Working Capital Changes** | **10,261.96** |
| | **Adjustments for :** | |
| | Trade and Other Receivables | 1,054.55 |
| | Inventories | (4,988.75) |
| | Trade Payables and Other Liabilities | 972.98 |
| | Adjustment for Transfer of Assets and Liabilities as at 1st July 2009 of Idea Power Ltd. to the Group | (163.41) |
| | **Cash Generated from Operations** | **7,137.33** |
| | Direct Taxes (paid) / refund | (675.12) |
| | Employee Separation Compensation paid | (717.48) |
| | **Net Cash Flow from Operating Activities** | **5,744.73** |
| **B.** | **Cash Flow from Investing Activities** | |
| | Purchase of Fixed Assets | (2,285.79) |
| | Sale of Real Estate/ Fixed Assets | 716.68 |
| | Interest Received | 43.92 |
| | **Net Cash Flow from Investing Activities** | **(1,525.19)** |
| **C.** | **Cash Flow from Financing Activities** | |
| | Proceeds from Issue of Shares | 95.82 |
| | Proceeds from Long-Term Borrowings | 4,748.75 |
| | Proceeds from Short-Term Borrowings | 6,100.00 |
| | Repayment of Long-Term Borrowings | (6,523.64) |
| | Repayment of Short-Term Borrowings | (4,801.94) |
| | Interest Paid | (3,535.06) |
| | Dividend Paid | (0.04) |
| | **Net Cash Flow from Financing Activities** | **(3,916.11)** |
| | Effect of Foreign Exchange Fluctuations | (370.70) |
| | **Net (Decrease)/ Increase in Cash and Cash-Equivalents (A+B+C)** | **(67.27)** |
| | **Cash and Cash-Equivalents on April 1** | 2,525.08 |
| | **Add : Cash and Cash-Equivalents taken over from Idea Power Ltd.** | 58.83 |
| | **Cash and Cash-Equivalents on March 31** | 2,516.64 |

Notes : i) Figures in brackets represent outflows.

ii) Cashflow of 2009-10 excludes profits on surrender of leasehold Rights and other related assets for the premises at Navi Mumbai for a consideration of Rs.11,500 Lakhs against which the company had received the full transaction value before this financial year and thereby this being a non-cash transaction does not have a direct impact on current Cash Flow.

In terms of our report attached

For **Deloitte Haskins & Sells**

*Chartered Accountants*

**K. Rajasekhar**

*Partner*

Hyderabad, July 30, 2010

For and on behalf of the Board of Directors

**D. Khaitan**

*Executive Vice-Chairman & Managing Director*

**S. Saha**

*Wholetime Director*

**T. Punwani**

*Sr. General Manager – Legal & Company Secretary*

Kolkata, July 30, 2010

# Consolidated Schedules to Accounts

| | Unit | Qty. | Rs. Lakhs |
|---|---|---|---|
| **1. Sales** | | | |
| **Class of Goods** | | | |
| Batteries | Million Pcs. | 1,191.05 | 72,414.36 |
| Flashlights | Million Pcs. | 27.04 | 23,819.62 |
| Packet Tea | Tonne | 4,904.87 | 7,594.50 |
| Lighting Products | Million Pcs. | 32.79 | 9,154.12 |
| Purchased Products (excludes Batteries, Flashlights and Lighting Products) | | | 1,129.88 |
| Others | | | 573.82 |
| | | | **1,14,686.30** |

## 2. Other Operating Income

| | Rs. Lakhs |
|---|---|
| Interest Income : | |
| Interest on bank and other accounts (Tax deducted at source Rs. 1.40 Lakhs) | 43.92 |
| Interest on Income Tax Refund / Advance Tax | 31.01 |
| Miscellaneous Income | 86.11 |
| Net Profit / (Loss) on Sale / Retirement of Assets other than Real Estate | (8.99) |
| | **152.05** |

## 3. Operating Expenses

| | |
|---|---|
| Salaries & Wages (includes credit towards Employee Benefits Rs. 29.37 Lakhs) | 8,136.05 |
| Contribution to Provident Fund, Gratuity Fund, Pension Fund and State Insurance | 1,158.32 |
| Workmen and Staff Welfare Expenses (includes credit towards Employee Benefits Rs. 46.92 Lakhs) | 989.43 |
| Raw Materials consumed | 47,612.63 |
| Stores and Spares consumed | 281.71 |
| Purchase of Finished Goods for resale | 24,703.43 |
| Excise Duty | 160.97 |
| Power and Fuel | 1,194.12 |
| Travelling and Conveyance | 2,086.99 |
| Advertisement,Sales Promotion and Market Research | 6,942.67 |
| Freight, Shipping and Selling Expenses | 5,693.79 |
| Repairs & Maintenance - Machinery | 884.90 |
| - Buildings | 256.14 |
| Software Maintenance | 231.53 |
| Rent | 817.38 |
| Rates and Taxes | 561.78 |
| Insurance | 199.86 |
| Postage, Stationery & Communication | 499.98 |
| Commission | 45.14 |
| Consultancy Charges | 570.11 |
| Bank Charges | 273.57 |
| Doubtful Debts / Advances (net) | 81.55 |
| Donations | 15.63 |
| Deferred Revenue Expenditure written off | 300.27 |
| Miscellaneous Expenses | 1,139.96 |
| Less : Amount transferred to Capital & Other Accounts | (67.17) |
| | **1,04,770.74** |

# Consolidated Schedules to Accounts

## 4. Interest and Finance Cost

| | Rs. Lakhs |
|---|---|
| Interest Charges | |
| On Fixed Loans | 2,377.26 |
| Others | 1,044.58 |
| Net Exchange Loss in Foreign Currency | (245.37) |
| **Interest and Finance Cost** | **3,176.47** |

## 5. Fixed Assets

Rs. Lakhs

| PARTICULARS | GROSS BLOCK AT COST / REVALUATION | | | | | DEPRECIATION | | | | | NET BLOCK |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cost/ Valuation as at April 1, 2009 | Cost/ Valuation of subsidiary as at July 1, 2009 | Additions/ Adjustments during the year | Sales/ Retirements/ Adjustments during the year | Cost/ Valuation as at March 31, 2010 | As at April 1, 2009 | As at July 1, of Subsidiary | For the year | On assets Sold/Retired/ Adjusted during the year | Total as at March 31, 2010 | Written down value as at March 31, 2010 |
| **Intangibles :** | | | | | | | | | | | |
| Software & License | 139.25 | 1,461.18 | 2.88 | 145.09 | 1,458.22 | 81.22 | 1,425.27 | 37.15 | 142.63 | 1,401.01 | 57.21 |
| Brand | 67,600.00 | – | – | – | 67,600.00 | 9,050.00 | – | 1,810.00 | – | 10,860.00 | 56,740.00 |
| Patent/Trade Mark | 15.00 | – | – | – | 15.00 | 15.00 | – | – | – | 15.00 | – |
| **Tangibles :** | | | | | | | | | | | |
| Land-freehold | 8,050.94 | – | – | 701.84 | 7,349.10 | 351.29 | – | 22.95 | 118.86 | 255.38 | 7,093.72 |
| Leasehold Land | 2,041.96 | – | – | 735.70 | 1,306.26 | 246.35 | – | 30.28 | 159.61 | 117.02 | 1,189.24 |
| Buildings | 15,271.19 | – | 111.19 | 644.23 | 14,738.15 | 6,288.07 | – | 538.58 | 376.44 | 6,450.21 | 8,287.94 |
| Plant, Machinery Equipment etc. | 39,056.60 | 609.34 | 1,381.08 | 4,179.59 | 36,867.43 | 29,537.44 | 357.98 | 1,566.16 | 4,090.71 | 27,370.87 | 9,496.56 |
| Furniture & Fixture and Office Appliances | 2,841.98 | 1,576.10 | 676.56 | 248.60 | 4,846.04 | 2,306.27 | 1,175.44 | 301.56 | 34.35 | 3,748.92 | 1,097.12 |
| Motor Vehicles | 335.00 | – | 42.88 | 21.62 | 356.26 | 197.84 | – | 68.68 | 21.62 | 244.90 | 111.36 |
| **Total** | **135,351.92** | **3,646.62** | **2,214.59** | **6,676.67** | **1,34,536.46** | **48,073.48** | **2,958.69** | **4,375.36** | **4,944.22** | **50,463.31** | **84,073.15** |

Notes : 1. Revaluation of Freehold Land, Leasehold Land (other than those on short lease), owned Buildings, Plant and Machinery and Equipment was carried out as on March 31,1995 by an approved valuer on current cost basis. The resultant increase in the net book value of Rs.19,596.92 Lakhs was credited to Revaluation Reserve in that year.

2. Revaluation of Freehold Land, Leasehold Land (other than those on short lease) and owned Buildings was carried out as on March 31, 2004 by an approved valuer on current cost basis and adjusted for depreciation element as applicable. The resultant increase in the net book value on revaluation amounting to Rs.10,968.72 Lakhs was transferred to Revaluation Reserve in that year.

# Consolidated Schedules to Accounts

| | | Rs. Lakhs |
|---|---|---|
| **6. Investments** | | |
| **Long Term** | | |
| Trade Investments | | |
| **Quoted** | | |
| McLeod Russel India Limited | | |
| 40 Equity Shares of Rs. 5/- each* [ Rs. 200/-] | | * |
| | | – |
| Aggregate book value of : Quoted Investments | | – |
| Unquoted Investments | | – |
| | | – |
| Market Value of Quoted Investments | | 0.11 |
| **7. Inventories** | | |
| Stores & Spares | | 504.67 |
| Raw Materials | | 7,372.91 |
| Work-in-Progress | | 3,803.31 |
| Finished Goods | | 12,036.23 |
| | | **23,717.12** |
| **8. Sundry Debtors** | | |
| ***Unsecured*** | | |
| Over Six Months : | | |
| - Considered Good | | 11.11 |
| - Considered Doubtful | 764.21 | |
| Less : Provision for Doubtful Debts | (764.21) | – |
| Less than Six Months : | | |
| - Considered Good | | 6,572.62 |
| - Considered Doubtful | 24.15 | |
| Less : Provision for Doubtful Debts | (24.15) | – |
| | | **6,583.73** |
| **9. Cash and Bank Balances** | | |
| Cash in hand | | 32.28 |
| Cheques in hand | | 19.62 |
| With Scheduled Banks | | |
| - in Current Accounts | | 1,969.16 |
| - in Deposit Accounts * | | 474.84 |
| - in Dividend Accounts | | 18.06 |
| With Others : | | |
| - in Current Account with HSBC, Singapore # | | 2.68 |
| | | **2,516.64** |

* pledged with banks as LC margin money
# maximum amount outstanding Rs. 16.10 Lakhs

# Consolidated Schedules to Accounts

| | | Rs. Lakhs |
|---|---|---|
| **10. Loans and Advances** | | |
| ***Unsecured, Considered Good*** | | |
| Advances recoverable in cash or in kind or for value to be received | | 7,119.91 |
| Balance with Excise Authorities, Customs and Port Trust | | 408.41 |
| Deposits | | 1,034.78 |
| Advance Income Tax (Net of Provision for Taxation: Rs. 26.44 Lakhs) | | 1,313.28 |
| | | **9,876.38** |

| | | |
|---|---|---|
| **11. Current Liabilities** | | |
| **Acceptances** | | 4,826.77 |
| **Sundry Creditors** | | |
| – Total outstanding dues of Micro, Small and Medium enterprises | – | |
| – Total outstanding dues of creditors other than Micro, Small and Medium enterprises | 19,776.36 | 19,776.36 |
| Interest accrued but not due on loans | | 393.53 |
| Advances Received | | 112.57 |
| Advances Received from Customers | | 233.56 |
| BPL Escrow Liability | | 14.30 |
| Other Liabilities | | 5,585.73 |
| Liability towards Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 | | |
| **Due** | | |
| – Unpaid Dividends | | 3.02 |
| **Not Due** | | |
| – Unpaid Dividends | | 48.10 |
| – Unclaimed Matured Deposits | | 1.47 |
| – Unclaimed Interest on Public Deposits | | 2.66 |
| | | **30,998.07** |

No amounts are due for deposit at the Balance Sheet date to the Investor Education and Protection Fund except for Rs. 3.02 Lakhs in respect of unpaid dividend which is subject to a restraint order from a competent court.

| | |
|---|---|
| **12. Provisions** | |
| Proposed Dividend | 363.44 |
| Tax on Proposed Dividend | 60.36 |
| Income Tax (Net of Advance Tax of Rs.975.46 Lakhs) | 2,162.07 |
| Long Term Employee Benefits | 603.09 |
| Excise | 495.92 |
| Sales Tax | 76.38 |
| Others - (Refer Note 22 of Schedule 17) | 354.30 |
| | **4,115.56** |

# Consolidated Schedules to Accounts

| | | Rs. Lakhs |
|---|---|---|

## 13. Share Capital

| | | |
|---|---|---|
| **Authorised** | | |
| 21,15,60,000 Equity Shares of Rs. 5/- each | | 10,578.00 |
| **Issued and Subscribed** | | |
| 7,26,87,260 Equity Shares of Rs. 5/- each, fully paid up | | 3,634.36 |

Of the above :

(i) 5,76,514 shares were allotted as fully paid up pursuant to a contract without payment being received in cash.

(ii) 2,13,29,782 shares were allotted as fully paid up Bonus Shares by Capitalisation of General Reserves and 28,92,700 shares were issued out of Share Premium Account.

(iii) 2,31,96,002 Shares were allotted as fully paid up other than in cash pursuant to Scheme of Amalgamation.

(iv) 1,59,68,258 shares represent 1,59,68,258 Global Depository Receipts.

(v) 9,40,000 shares represent warrants converted into equity shares.

## 14. Reserves & Surplus

| | | |
|---|---|---|
| **General Reserves** | | |
| At the commencement of the year | 15,867.46 | |
| Profit and Loss Account | 10,000.00 | 25,867.46 |
| **Securities Premium** | | 16,412.11 |
| **Revaluation Reserve** | | |
| Balance at the commencement of the year | 6,872.05 | |
| Less : Adjustment relating to Fixed Assets sold / retired during the year | (758.21) | |
| Less: Depreciation / Amortisation on revalued portion of Fixed Assets | (1,774.00) | 4,339.84 |
| **Amalgamation Reserve** | | 300.42 |
| **Foreign Currency Translation Reserve** | | (414.16) |
| **Development Allowance Reserve** | | 3.50 |
| **Capital Reserve** | | 12,356.60 |
| **Profit and Loss Account** | | 2,307.47 |
| | | **61,173.24** |

# Consolidated Schedules to Accounts

| | Rs. Lakhs |
|---|---|
| **15. Secured Loans** | |
| ***Banks –*** | |
| Cash Credits and Working Capital Demand Loans – Secured by hypothecation of stocks, stores and book debts relating to businesses of the Company and ranking parri passu with the charges created and / or to be created in favour of other banks in the consortium and first / second charge on the fixed assets of the Company. | 5,261.01 |
| Term Loans from ICICI Bank Limited - External Commercial Borrowing denominated in Foreign Currency (US$ 25 million). Secured / to be secured by exclusive mortgage on movable and immovable properties and by deposit of title deed of the plant located at Haridwar, Uttaranchal. | 10,283.33 |
| - Rupee Loan Secured / to be secured by a parri passu first charge by way of equitable mortgage over certain movable and immovable properties of the Company. | 4,000.00 |
| Term Loans from IDBI Bank Ltd. Secured / to be secured by a parri passu first charge by way of equitable mortgage over certain movable and immovable properties of the Company and exclusive charge on certain brand belonging to the Company. | 5,502.66 |
| Loans frozen by the safety plan of Subsidiary Company Secured by way of equitable mortgage over Inventories of the Subsidiary Company. | 3,310.68 |
| | **28,357.68** |

| | |
|---|---|
| **16. Unsecured Loans** | |
| Short Term Loans | 3,350.00 |
| Car Loan | 75.47 |
| Inter Corporate Loans | 3.96 |
| Loan from previous Shareholders frozen by safety plan of Subsidiary Company | 1,731.89 |
| Loan from Bank – frozen by safety plan of Subsidiary Company | 460.42 |
| | **5,621.74** |
| Repayable within one year | 3,350.00 |

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010

1. **Significant Accounting Policies**

1.1 **Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (Indian GAAP), as adopted consistently by the Company.

1.2 **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates and any revision to such accounting estimates is recognised prospectively in the period in which the results are ascertained.

1.3 **Fixed Assets**

Tangible Fixed Assets are stated at cost / revalued amount less accumulated depreciation. Cost comprises purchase price plus attributable cost (including borrowing and financing cost during the period of construction).

1.4 **Depreciation / Amortisation**

i. In respect of assets which have not been revalued, depreciation is provided on straight line method as follows:
   - Plant and machinery, excluding air conditioners, at rates prescribed in Schedule XIV to the Companies Act, 1956.
   - Buildings, furniture and fixtures (including air conditioners), office appliances (excluding computers), motor vehicles and computers at 4 %, 10 %, 33.33 % and 16.66 % p.a. respectively.

ii. The revalued assets are depreciated on straight line basis over the balance useful lives estimated by the valuer.

iii. Freehold land is not depreciated except for improvements to land included therein.

iv. Patents, trademarks and brands are amortized over their legal term or working life, whichever is shorter.

v. Brand "Eveready" is amortized over a working life of 40 years and Brand "Premium Gold" is amortized over a working life of 10 years.

1.5 **Investments**

Long term investments are carried at cost less provision for permanent diminution, if any, in the value of such investments. Current investments are carried at lower of cost and fair value.

1.6 **Inventories**

Inventories are valued as under:

i) Raw Materials and Stores and Spare Parts at lower of weighted average cost and net realizable value.

ii) Work-in-Progress and Finished Goods are valued at lower of cost and net realizable value where cost is worked out on weighted average basis. Cost includes all charges incurred in bringing the goods to the point of sale, including excise duty.

1.7 **Sales**

Sales comprise sale of goods less discounts as applicable and include excise duty but exclude sales tax / VAT.

1.8 **Foreign Exchange Transactions**

Foreign Currency Transactions (FCT) and forward exchange contracts used to hedge FCT are initially recorded at the spot rates on the date of the transactions / contract.

Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end rates. The difference in translation of monetary assets and liabilities and realised gains and losses on foreign currency transactions are recognised in the Profit and Loss Account.

In respect of transactions covered by foreign exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the Profit and Loss Account over the period of the contract.

1.9 **Employee benefits**

The estimated liability for all employee benefits, both for present and past services which are due as per the terms of employment, are determined in accordance with Accounting Standard (AS) 15 issued by the Companies (Accounting Standards) Rules, 2006. The estimated liability for all employee benefits for subsidiary company is determined as per terms of employment of the geographical segments in which it belongs to. A brief description of the various employee benefits are as follows :

1.9.1 **Pension** - A defined benefit plan, the liability for which is determined on the basis of an actuarial valuation on the frozen corpus as at 31 March, 2003 and thereafter on the basis of the Company's defined contribution scheme.

1.9.2 **Gratuity** - The Company has an obligation towards gratuity, a defined benefit retiring plan covering eligible employees. The plan provides for lump sum payment to vested employees on retirement, death while in employment or on separation. Vesting occurs upon completion of five years of service. The liability, which is determined by means of an independent actuarial valuation, is funded with trusts sponsored by the Company.

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

1.9.3 **Provident Fund** - This is a defined contribution plan framed in accordance with Indian laws, in accordance with which eligible employees participate. Under the plan, both the employee and employer contribute monthly at a determined rate (currently upto 12 % of employee's salary). Contributions under the plan are made to the trust sponsored by the Company and the Pension Scheme framed by the Central Government.

1.9.4 Other employee benefits include Post Retirement Medical Benefits and encashment of leave on separation, which are long term in nature. Both these benefits are unfunded and the liability for the same is determined by an independent actuarial valuation in accordance with the requirements of Accounting Standard (AS) 15 "Employee Benefits".

1.10 **Borrowing Costs**

Interest and other costs in connection with the borrowing of funds by the Company are recognised as an expense in the period in which they are incurred unless activities that are necessary to prepare the qualifying assets for its intended use are in progress.

1.11 **Voluntary Retirement Schemes**

The cost of Voluntary Retirement Scheme which comprises lump sum payments to employees who opt for the same and in respect of which the Company has no further obligation is charged to the Profit and Loss Account over a period of 36 months starting from the month of settlement or till the period ending March 31, 2010, whichever is earlier.

1.12 **Deferred Tax**

Deferred Tax is the tax effect of timing differences i.e. the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.13 **Derivatives**

Risks associated with purchase of Zinc are covered by entering in derivative contracts in the form of FUTURES and OPTIONS in accordance with risk management policy adopted in the Board. Losses on such derivative contracts outstanding at the reporting date are provided on mark to market (MTM) basis in terms of announcement dated 29 March, 2008 made by The Institute of Chartered Accountants of India.

2. **Principles of Consolidation**

The Consolidated Financial Statements relate to Eveready Industries India Limited ("the Company") and its subsidiary companies. The Consolidated Financial Statements have been prepared on the following basis :

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – "Consolidated Financial Statements" notified by Companies (Accounting Standard) Rules, 2006.
- The foreign subsidiary companies, being non-integral operations, revenue items is consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- The difference between the cost of the investment in the subsidiaries and the Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
- Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the Company's shareholders.

  Minority Interest in the net assets consists of :

  a) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

  b) The minorities' share of movement in equity since the date the parent subsidiary relationship came into existence.

  - Minority interest in the net profit in the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
  - The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting dates as that of the Company i.e. 31 March, 2010. This being the first occasion that Consolidated Financial Statements are presented, comparative figures for the previous period has not been presented.

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

The list of subsidiary companies which are included in the consolidation and the Company's holdings therein are as under:

| Name of the Company | Ownership in % either directly or through Subsidiaries 2009-10 | Country of Incorporation |
|---|---|---|
| Novener SAS | 80% | France |
| Uniross SA | 97.3% (through Novener SAS) | France |
| Uniross Batteries SAS | 100% (through Uniross SA) | France |
| Industrial - Uniross Batteries (PTY) LTD. | 100% (through Uniross Batteries SAS) | South Africa |
| Uniross Batteries GmbH | 100% (through Uniross Batteries SAS) | Germany |
| Uniross Batteries Limited | 100% (through Uniross Batteries SAS) | UK |
| Zhongshan Uniross Industry Co. Limited | 100% (through Uniross Batteries SAS) | China |
| Everfast Rechargeables Limited | 100% (through Uniross Batteries SAS) | Hong Kong |
| Idea Power Limited | 70% (through Novener & 30% through Everfast Rechargeables Ltd.) | Hong Kong |
| Rechargeable Online SAS | 100% (through Uniross Batteries SAS) | France |
| Celltex Limited* | 100% (through Uniross Batteries SAS) | Hong Kong |
| Lognes Batteries Corp.* | 100% (through Uniross Batteries SAS) | USA |
| Uniross Batteries Corp.* | 100% (through Uniross Batteries SAS) | USA |
| North American Battery Corp.* | 100% (through Uniross Batteries Corp.) | USA |
| Multiplier Industries Corp.* | 100% (through Uniross Batteries Corp.) | USA |
| Everspark Hong Kong Private Limited* | 100% | Hong Kong |
| * not operational | | |

3. In accordance of Para 26 of Accounting Standard 21 – "Consolidated Financial Statements", the losses applicable to minority in Consolidated Financial Statements, being in excess of its interest in equity of subsidiary companies amounting to Rs. 297.05 Lakhs has been adjusted against the parent's share of Profit and Loss.

4. The financial position & results of the subsidiary companies as included in the Consolidated Financial Statement for the year ended 31 March, 2010 is given below :

| Particulars | Rs Lakhs |
|---|---|
| **Shareholders Fund** | |
| (a) Capital | 3.03 |
| (b) Reserves and Surplus | 3,610.12 |
| Loan Funds | 6,112.59 |
| Fixed Assets | 7,323.92 |
| **Current Assets, Loans and Advances** | |
| (a) Inventories | 3,515.58 |
| (b) Sundry Debtors | 2,862.85 |
| (c) Cash and Bank balances | 1,672.70 |
| (d) Loans and Advances | 3,557.61 |
| **Less : Current Liabilities and Provisions** | |
| (a) Liabilities | 10,571.68 |
| (b) Provisions | 188.24 |
| Profit and Loss Account | 1,488.29 |
| Deferred Tax Assets | 64.70 |
| **INCOME** | |
| Sales | 13,583.37 |
| Other Operating Income | 10.35 |
| **EXPENSES** | |
| Manufacturing and other Expenses | 15,046.50 |
| Depreciation | 188.69 |
| Interest and Finance Cost | (261.34) |
| Taxes | 108.16 |
| **PROFIT/(LOSS) FOR THE YEAR** | **(1,488.29)** |

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

5. Based on valuation made by professional valuers, Brand "Eveready" was valued at Rs. 66,000 Lakhs and was taken into the books in 2004-05.

6. Expert opinion was received whereby the working life of brand "Eveready" was estimated at more than 100 years. However, as a measure of prudence, the amortisation period of the brand has been kept at 40 years only.

7. Brand included as Intangibles in Fixed Assets (Schedule 5) includes purchased brand [Gross block: Rs. 1,600 Lakhs and Net Block: Rs. 640 Lakhs ].

8. **Contingent Liabilities**

   8.1 Claims against the Company not acknowledged as debts:

   - Excise & Customs : Rs. 1,773.55 Lakhs.*
   - Sales tax : Rs. 34.75 Lakhs.
   - Income tax :
     - The Department is in appeal in regard to matters decided in favour of the Company, the tax effect whereof is Rs. 71.59 Lakhs.
     - The Company is in appeal in regard to assessments made, the tax effect whereof is Rs. 599.70 Lakhs.
     - In respect of matters relating to erstwhile The Bishnauth Tea Company Limited (BTCL) [amalgamated with the Company effective 1 April, 2000 : Rs. 125.48 Lakhs].

   *Excludes interest claimed in a few cases by respective Authorities but amount not quantified.

   8.2 Others : Rs. 207.39 Lakhs.

   8.3 Bank Guarantees : Rs. 842.65 Lakhs.

9. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs. 1,110.72 Lakhs.

10. **Taxation**

    Provision for taxation includes provision for wealth tax Rs. 11 Lakhs.

11. **Deferred Tax Liability**

    The major component of deferred tax liability is as follows :

| **Particulars** | | **Rs. Lakhs** |
|---|---|---|
| **Deferred Tax Liability** | | |
| Difference between book and tax depreciation | (A) | **(1,548.81)** |
| **Deferred Tax Assets** | | |
| Disallowance under Section 43B | | 95.00 |
| Provision for Doubtful Debts and advances | | 67.02 |
| Others | | 356.57 |
| | (B) | **518.59** |
| **Deferred Tax Liability (Net)** | (A)+(B) | **(1,030.22)** |

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

12. **Director's Remuneration**

| | Rs. Lakhs |
|---|---|
| 1. **Wholetime Directors** | |
| a. Salary and Others | 253.80 |
| b. Contribution to Provident, Pension & Superannuation Funds | 35.64 |
| c. Monetary value of perquisites and allowances | 70.87 |
| | **360.31** |
| 2. **Non Wholetime Directors** | |
| Sitting Fees | 7.40 |
| | **367.71** |

**Note :**

a. The above excludes contribution to Gratuity Fund and provision for leave liability as separate figures are not available.

13. The Profit and Loss Account includes net exchange gain of Rs. 309.02 Lakhs.

14. Loans and Advances (Schedule 10) include due from directors of the Company Rs. 22.01 Lakhs. The maximum amount due from directors during the year was Rs. 24.21 Lakhs.

15. Revenue Expenditure on Research & Development Rs. 191.09 Lakhs is included in Operating Expenses (Schedule 3).

16. Capital Work-in-Progress is inclusive of Capital Advances Rs. 358.51 Lakhs.

17. Unpaid dividend represents dividend of earlier years on shares allotted to certain non-resident shareholders of the erstwhile The Bishnauth Tea Company Limited (BTCL) pursuant to the Scheme of Amalgamation of BTCL with the Company and whose present whereabouts are not known. The number of shares attributable to such dividend is 63,037 equity shares.

18. **Related Party Disclosures**

**List of Related Parties**

a) **Subsidiaries - The Ownership, directly or indirectly through Subsidiary (ies)**

| | |
|---|---|
| Novener SAS | Idea Power Limited |
| Uniross SA | Rechargeable Online SAS |
| Uniross Batteries SAS | Celltex Limited |
| Industrial - Uniross Batteries (PTY) Ltd. | Lognes Batteries Corp. |
| Uniross Batteries GmbH | Uniross Batteries Corp. |
| Uniross Batteries Limited | North American Battery Corp. |
| Zhongshan Uniross Industry Co. Limited | Multiplier Industries Corp. |
| Everfast Rechargeables Limited | Everspark Hong Kong Private Limited |

b) **Key Management Personnel**

Executive Vice-Chairman & Managing Director – Mr. D. Khaitan

Wholetime Director – Mr. S. Saha

c) **Relatives of Key Management Personnel with whom the Company had transactions during the year**

Mrs. Neena Saha – Wife of Mr. S. Saha

Mr. A. Khaitan – Son of Mr. D. Khaitan

d) **Entity having significant influence** – Williamson Magor & Company Limited

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

(e) **Related Parties with whom the Company had transactions during the year**

Rs.Lakhs

| Transactions | Entity having significant influence | Key Management Personnel | Relatives |
|---|---|---|---|
| Rent Paid | 3.00 | 4.56 | – |
| Remuneration | | | |
| – Mr. D. Khaitan | – | 231.77 | – |
| – Mr. S. Saha | – | 128.54 | – |
| – Mr. A. Khaitan | – | – | 14.48 |
| Car Rental Charges – Refer Note 1 below | – | – | 5.18 |
| Services Received | 180.00 | – | – |
| Forfeiture of Advance received against Convertible Warrants | 261.00 | – | – |
| Loans Outstanding | – | 22.01 | – |

**Note :**

1. In accordance with Company's scheme.

19. **Earnings per Share**

| | |
|---|---|
| **Basic EPS** | |
| Profit / (loss) after taxes - Rs. Lakhs | 12,722.29 |
| Weighted average number of Equity Shares outstanding | 7,26,87,260 |
| Nominal Value of Equity Share - Rupees | 5.00 |
| Basic Earnings Per Share - Rupees | 17.50 |
| **Diluted EPS** | |
| Profit / (loss) after taxes – Rs. Lakhs | 12,722.29 |
| Weighted average number of equity shares outstanding | 7,26,87,260 |
| Nominal Value of Equity Shares – Rupees | 5.00 |
| Diluted Earnings per Share – Rupees | 17.50 |

20. **Segment Reporting**

(1) The Company is engaged in the business of marketing of dry cell batteries, rechargeable batteries, flashlights, packet tea, general lighting products, insect repellants and other homecare products which come under **a single business segment known as Fast Moving Consumer Goods (FMCG)**.

(2) **Geographical Segment –**

| | |
|---|---|
| Sales within India | Rs. 98,742.33 Lakhs |
| Sales outside India | Rs. 15,943.97 Lakhs |

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

21. **Disclosures in accordance with Accounting Standard (AS) 15**

Rs. Lakhs

| | Pension | Gratuity | P R M B | Leave Benefits |
|---|---|---|---|---|
| **Components of Employer's Expense** | | | | |
| Current Service Cost | – | 84.35 | – | 15.91 |
| Interest Cost | 45.19 | 84.33 | 26.17 | 14.01 |
| Expected Return on Plan Assets | (57.25) | (94.87) | NA | NA |
| Actuarial Losses / (Gains) | 27.78 | (71.71) | 20.67 | 69.39 |
| Expense recognised in the Statement of Profit and Loss | 15.72 | 2.10 | 46.84 | 99.31 |
| **Actual Contribution and Benefit Payments for the year** | | | | |
| Actual Benefit Payments | 163.31 | 299.57 | 37.80 | 113.78 |
| Actual Contributions | (135.36) | 262.55 | 37.80 | 113.78 |
| **Net Asset / (Liability) recognised in the Balance Sheet** | | | | |
| Present Value of Defined Benefit Obligations | 667.12 | 1,121.44 | 355.03 | 217.53 |
| Fair Value of Plan Assets | 734.53 | 1,382.29 | NA | NA |
| Funded Status [Surplus / (Deficit)] | 67.41 | 260.85 | (355.03) | (217.53) |
| Net Asset / (Liability) recognised | 67.41 | 260.85 | (355.03) | (217.53) |
| **Change in Defined Benefit Obligations (DBO)** | | | | |
| Present Value of DBO at commencement | 646.50 | 1,203.92 | 345.99 | 232.00 |
| Current Service Cost | – | 84.35 | – | 15.91 |
| Interest Cost | 45.19 | 84.33 | 26.17 | 14.01 |
| Actuarial Losses / (Gains) | 138.74 | 48.41 | 20.67 | 69.39 |
| Benefits Paid | (163.31) | (299.57) | (37.80) | (113.78) |
| **Present Value of DBO at year end** | **667.12** | **1,121.44** | **355.03** | **217.53** |
| **Changes in Fair Value of Plan Assets** | | | | |
| Plan Assets at commencement | 864.99 | 1,204.32 | NA | NA |
| Actual Return on Plan Assets | 168.21 | 214.99 | NA | NA |
| Actual Contribution by Company | (135.36) | 262.55 | 37.80 | 113.78 |
| Benefits Paid | (163.31) | (299.57) | (37.80) | (113.78) |
| **Plan Assets at year-end** | **734.53** | **1,382.29** | **NA** | **NA** |
| **Actuarial Assumptions** | | | | |
| Discount Rate % | 8.25 | 8.25 | 8.25 | 8.25 |
| Expected Return on Plan Assets % | 8.25 | 8.25 | NA | NA |
| Salary Escalation % | Nil | 5.00 | NA | 5.00 |

**Notes :**
1. PRMB represents Post Retiral Medical Benefits.
2. Different discount rates used on account of separate plans and on account of different tenures of working lives of employees.
3. Pension and Gratuity Plans are funded while PRMB and leave liability are unfunded.
4. Investment details of Gratuity fund in respect of certain employees are not available whose contribution is deposited and managed by Life Insurance Corporation of India.

# Consolidated Schedules to Accounts

## 17. Notes to Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 (Contd.)

5. Investment details :

| | Pension | Employee Gratuity | Managerial Gratuity |
|---|---|---|---|
| | **% invested 31.03.2010** | **% invested 31.03.2010** | **% invested 31.03.2010** |
| Govt. Securities | 14.03 | 21.39 | 1.59 |
| Special Deposit with RBI | 9.04 | 9.84 | – |
| Corporate Bonds | 76.50 | 67.33 | 97.56 |
| Cash and Cash Equivalents | 0.43 | 1.44 | 0.85 |
| | **100.00** | **100.00** | **100.00** |

22. **Disclosure in accordance with Accounting Standard (AS) 29**

The Company has made provisions towards Sales Tax, Excise and Others in view of the following and details of which are set out below :

(a) The Company has a present obligation as a result of past events;

(b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(c) A reliable estimate can be made of the amount of obligation.

Rs. Lakhs

| Particulars | Sales Tax | Excise | Others | Total |
|---|---|---|---|---|
| Carrying amount at year beginning | 38.42 | 514.32 | 391.18 | 943.92 |
| Carrying amount at year end | 76.38 | 495.92 | 354.30 | 926.60 |
| Provisions made in the year | 43.83 | 11.95 | 51.58 | 107.36 |
| Amounts used during the year | – | – | – | – |
| Unused amounts reversed during the year | 5.87 | 30.35 | 88.46 | 124.68 |
| Nature of Obligation | Disputes with respective authorities at different forum. | | | |
| Expected timing of resulting outflow | One to two years. | | | |
| Indication of uncertainity about outflows | Management estimates the outcome of the disputes to be unfavourable. | | | |
| Major assumptions concerning future event | Demands / Disputes may not be settled in higher forum. | | | |
| Amount of any expected reimbursement | NIL | | | |

23. **Convertible Warrants**

The Company had on 17 October, 2007, issued and allotted 45,00,000 Convertible Warrants on preferential basis which were convertible at the sole option of the warrant holders within a period of 18 months from the date of allotment. During the year, an amount of Rs. 261 Lakhs representing the initial amount paid on the allotment of such warrants has been forfeited on the expiry of the time frame to opt for conversion. The amount forfeited has been transferred to Capital Reserve.

24. The Company has entered into derivative instruments by way of foreign currency forward contracts against export receivable to hedge the risk associated with fluctuations in exchange rates. Details of outstanding forward contract at the year end are as follows :

| As at | No. of Contracts | US$ Equivalent (Million) | INR Equivalent (Rs.Lakhs) |
|---|---|---|---|
| 31.03.2010 | 6 | 0.31 | 147.75 |

Unhedged exposure with respect to receivables as at 31st March 2010 was Rs. 66.22 Lakhs (US$ 0.15 million) and with respect to amounts payable on account of import of Goods and Services Rs. 525.84 Lakhs (US$ 1.13 million & JPY 3.87 million).

The above disclosures have been made consequent to an announcement by the Institute of Chartered Accountants of India in December, 2005.

25. Figures pertaining to the subsidiary companies have been reclassified wherever necessay to bring them in line with the Company's financial satements.

26. Information pursuant to the Provisions of Para IV of Schedule VI to the Companies Act, 1956, is attached.

For and on behalf of the Board of Directors

**D. Khaitan**
*Executive Vice-Chairman & Managing Director*

**S. Saha**
*Wholetime Director*

**T. Punwani**
*Sr. General Manager – Legal & Company Secretary*

Kolkata, July 30, 2010