Because...

Amara Raja Batteries Limited

Annual Report 2007-08

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialise, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Shareholders & Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

…. our middle name is

PASSION

Our achievements in 2007-08

Numbers

- Revenue growth of 82% over 2006-07
- EBIDTA growth of 101% over 2006-07
- Profit after tax growth of 101% over 2006-07

Derivatives

- A 150 bps increase in the EBIDTA margin
- A 150 bps increase in the Profit Before Tax
- A 600 bps increase in ROCE

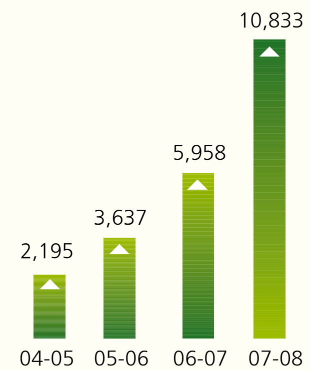
Operations

- Production of automotive batteries increased by 35% over 2006-07
- Production of industrial batteries grew by 40% over 2006-07
- Capacity utilisation in excess of 90% both in automotive and industrial

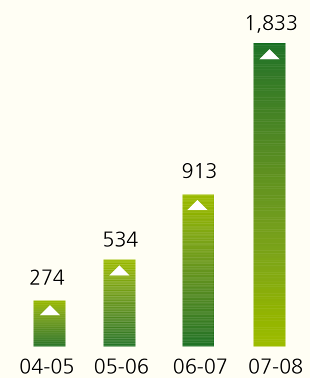
Marketing

- 28% market share in served industrial battery markets
- 26% market share in automotive OEM markets
- 28% market share in organised segment of automotive after market
- Increased franchised distributor network - 152 to 175
- Increased retail network - 14000 to 18000
- New rural & semi-urban retail expansion - 400 Powerzone outlets

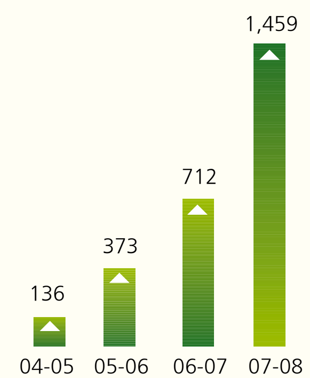
Net sales *(Rs. million)*



EBIDTA *(Rs. million)*

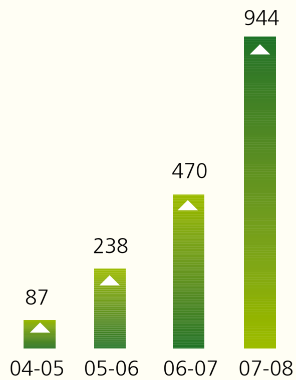


Profit before tax *(Rs. million)*

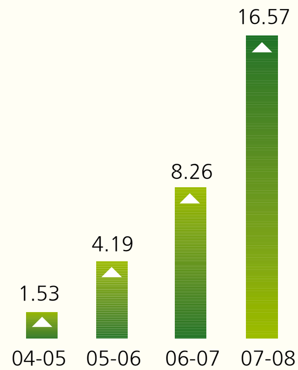


Our growth in numbers

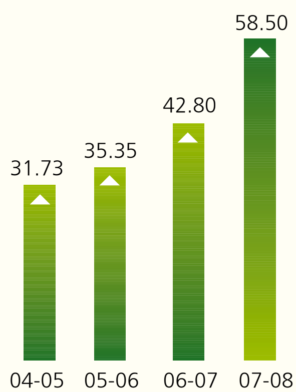
Profit after tax *(Rs. million)*



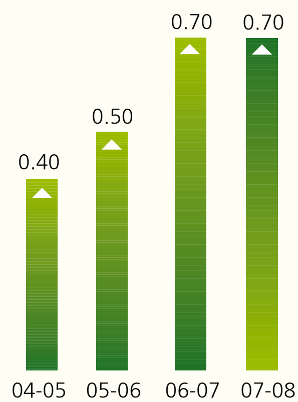
Earning per share *(Rs.)*



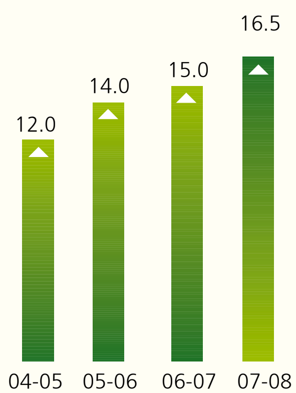
Book value *(Rs.)*



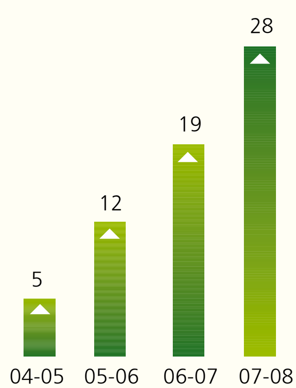
Dividend per share *(Rs.)*



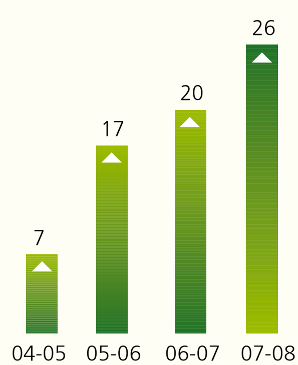
EBIDTA margin *(%)*



RONW *(%)*



ROCE *(%)*



Chairman's message

"Our growth and expansion plans have been carefully charted out to put us on the road to achieving USD 1 billion in 2012"

Dear Shareholders,

Year 2007-08 will go down in the history of our Company as one of many milestones:

- We crossed the magic number of Rs.10,000 million to record net revenues of Rs. 11,089 million.
- We announced our first-ever bonus issue in the ratio of one share for two shares held.
- We enhanced liquidity in the hands of our shareholders by splitting each share of Rs. 10/- each into five shares with face value of Rs. 2/- per share.
- Our innovative rural retail concept store PowerZone™ is today 400+ strong and has become a benchmark for bringing a world-class retail experience and a continuing source of job creation to the rural landscape of India.

Year 2007-08 will also be remembered for many new initiatives which will graduate Amara Raja Batteries into a higher orbit:

- We stepped into the two-wheeler battery segment with the launch of our Amaron Pro Bike Rider™ (during May 08). Powered by VRLA technology from our partner JCI, specially engineered for the Indian market by our own research, the product was received well. With more consumers going in for self-start bikes, we believe Amaron Pro Bike Rider, which comes with the promise of the highest power and the longest warranty, will be another block buster product from the Amaron stable.
- Our Quanta™ brand of VRLA batteries are well known in the UPS segment and we plan to extend the same to the home UPS segment during the second quarter of 2008-09.
- All our growth and expansion plans were carefully charted out to put us on the road to achieving USD 1 billion in revenue in 2012. One initiative in this regard was our move to relocate our corporate functions to Hyderabad, the place where we began. This will help us better utilise the newly developed infrastructure and the consequent locational advantage of being in the middle of the country.

The financials…

It is with great pleasure that I recount the financial performance of our Company here. The gross revenues for 2007-08 scaled to Rs. 13,500 million compared to Rs. 7,451 million recorded in 2006-07. For the year, our PBT shot up by 105% to Rs. 1,459.38 million and PAT by 100% to Rs. 943.63 million. The dividend recommended by the board of directors was 35%.

The surging demand in the industrial and automotive divisions and the lead price inflation enabled us to achieve the milestone of over Rs. 10,000 million in revenues.

Amara Raja Batteries is today the proud owner of strong brands respected and loved by customers – Amaron®, PitStop and PowerZone™ – built around strong business fundamentals with a keen sense of customer preferences. The new initiative viz., Amaron Karting Challenge, a novel talent hunt for young racing talent, has already emerged as a recognised brand among racing enthusiasts from the first season.

Looking ahead…

While we are looking at the future with confidence and comfort, what needs a close watch is the near term outlook of the Indian economy. While the Finance Secretary had predicted an 8% growth for the Indian economy, later developments and conservative predictions put this number at 7% to 7.5%.

With global crude prices moving northward against a backdrop of spiralling inflation, the effect on the auto industry is already evident. The automotive battery industry which benefit from a cyclical lag is yet to feel the slowdown but would see the effects cascading down in two or three quarters.

The offsetting effect of softening lead prices from the peak level of USD 4,000 to the current USD 2,000 is likely to cushion us from a real slow down, in this segment.

The industrial battery business is galloping on the back of booming telecom and UPS segments and will continue to see growth for some time.

The exchange rate is again moving into a territory of uncertainty and the expectations are that the rupee will depreciate to around INR 44 to the USD by end of the year.

The general dampening of sentiment due to the effects of the sub-prime crisis and all the developments above indicate that our journey through the next year needs to be cautiously negotiated.

Looking ahead, we believe that prevailing economic trends like uncertain global growth rates, surging price of crude oil, volatile commodity prices and rising inflation in India will have their impact on the Indian economy and hence may impact the Company's growth. However, the Company will continue to grow faster than the industry growth.

Our Company's robust management structure, industry-leading technological prowess and committed team of professionals will enable us to tide over this period with care and caution.

Backed by our core values of innovation, agility, long-term planning, stakeholder wealth creation, prudence and social responsibility, we are confident that our Company will emerge stronger leading to higher achievements in the years ahead.

We cherish your continued partnership on this journey of growth and would like to place on record our heartfelt gratitude.

I also would like to thank our joint venture partners Johnson Controls Inc. (JCI), shareholders, bankers, customers and employees for their unstinting support in making our shared dreams come true.

Thank you,

Dr. Ramachandra N. Galla
Chairman

Managing Director's review

"We are rightly poised with a good pipeline of capacities and advanced technology to enhance our revenues"

Dear Shareholders,

This year's Annual Report conveys the message of crossing a significant milestone in our eventful and exciting journey. This fiscal, Amara Raja Batteries became the second storage battery company in the country to cross the landmark Rs.10,000 million in revenues.

Our net revenues grew to Rs.11,089.36 million compared to Rs. 6,055 million recorded in 2006-07. The profit before tax shot up by 105% to Rs.1,459.38 million and net profit grew by 100% to Rs. 943.63 million.

While our top line growth of about 80% was propelled by good demand in both the Industrial and automotive divisions, around 50% of this revenue growth was due to the surge in lead prices.

The industrial battery business grew at an impressive 37%, gaining strength in both telecom and UPS segments. In a highly competitive market, there are discerning customers who consistently see a unique value proposition in our superior product offerings viz., Powerstack™ and Quanta™. We continued to maintain the preferred partner status with all key customers, helping us to achieve industry leading capacity utilisation. Despite our capacity constraints and growing imports in served markets, our market share improved to 28% during 2007-08.

The existing network of 50 AQUA channel partners will be expanded to 65 to support the growth in Quanta product ranges. Small VRLA (SVRLA) batteries under Quanta brand, targeting the high-growth segments – mini-UPS and other standby applications, will be launched during the second quarter of 2008-09.

We further enhanced our standing in the automotive battery segment with 26% market share in the automotive OEM market and 28% in the organised segment of the automotive after-market. The volumes in this business grew 27% annually.

We retained our leadership position in the automotive aftermarket in Singapore and expanded our reach into newer markets in Indian Ocean Rim, including Africa and Asia.

In May 2008, we introduced our first two-wheeler battery - Amaron Pro Bike Rider™. Powered by VRLA technology and offering the highest 60 months warranty in the country, Amaron Pro Bike Rider is set to create new milestones for brand Amaron.

PowerZone™, a completely new retail experience in the power solutions sector for the semi-urban and rural consumer grew from strength to strength. Each of the 400 PowerZone stores has become a business hub, nurturing entrepreneurship and local employment opportunity in the rural market.

The Company's retail network has been the backbone of our growth, spanning 18000+ retailers and serviced by 175 franchised distributors, including 120 Amaron Pitstops, (the exclusive brand stores) and 400 PowerZone™ outlets. By end of 2008-09, the network would expand to 20,000 retailers, serviced by 200 franchised distributors, including 150 Amaron Pitstops, and 800 PowerZone™ stores.

Looking ahead, the plant capacity for automotive four wheeler and medium VRLA batteries is set to scale up from 4.9 to 5.4 million units per annum by the second quarter of 2008-09. Also, the current large VRLA capacity of the 450-million AH is set to double to 900 million AH per annum by October 2008 to cater to the growing telecom markets. The capacity for motor cycle and SVRLA batteries targeting the high- growth segments will be expanded from 1.00 million units to 3.16 million units per annum in the first quarter of 2009-10.

We are closely watching the next wave of technology in the power solutions sector to bring new products to the market. We are confident of our strength in R&D and the backing of Johnson Controls Inc. (JCI) — our JV partner and global leaders in battery technology, will help us tap new opportunities in emerging electric and electric hybrid arenas. Our R&D wing is developing Front Access Terminal (FAT) batteries for the growing telecom applications.

The economic outlook both at the national and global levels calls for cautious optimism with the emphasis on caution. Amara Raja has always been sensitive to such cyclical turns with alert pre-planning and discretion. Our continuous focus on internal productivity and efficiencies has provided us commercial benefits over the years. This would help us to overcome challenges during the current volatile period in surging ahead of the industry growth.

We are rightly poised with a good pipeline of manufacturing capacities and advanced technologies to enhance our revenues.

I am grateful for your support and encouragement and look forward to your continued support on the way ahead.

Thank you,

Jayadev Galla
Managing Director

Transformation

...WHEN YOU ARE LIMITED BY CONSTRAINTS,

WE

PROVIDE LIBERATING CONVENIENCES.

Transformed the Indian industrial and automotive battery market with VRLA technology and factory-charged ready-to-use batteries. Transformed product look and feel, warranty and life landscape. Transformed battery purchasing experience through Amaron Pitstop and PowerZone outlets. Transformed reach to consumers through pan-India retail networks. Transformed customer complaints into customer conveniences. Transformed immediate societies with employment, infrastructure and education. Nearly 85% of employees are first-time salary earners in their families. Rewriting destinies. Changing lives.

That's Amara Raja Batteries for you.

Innovation


Trajectories in gravity
2v/g = t verti
d = V₀ t V₀ (S
ypotenuse
combine motion for
D = V_M T
V_M = V
ypotenuse

...WHEN YOU HAVE A PRESSING NEED, WE USUALLY HAVE AN INNOVATIVE SOLUTION.

mulas

Made innovation integral to our existence. Pioneered a unique complement of product, technology, network and branding. Pioneered the use of sealed VRLA technology in India. Pioneered the commercialisation of a maintenance-free battery with a first-ever three-year warranty in India. Pioneering the Amaron Pro Bike Rider™ sealed VRLA battery for two-wheelers. Initiated an unconventional brand and communication strategy – the first ever claymation commercial in India. Pioneered an urban (Amaron Pitstop) and rural (PowerZone) air-conditioned battery purchasing experience. Result: Preferred brand across demanding customers and consumers. Being the first. Being the best. It's amazing how far you can take a business with just two sentences.

That's Amara Raja Batteries for you.


Excellence

... WHAT WE MAKE IN OUR FACTORIES IS BATTERIES, BUT WHAT YOU EXPERIENCE IN THE PRODUCT IS EXCELLENCE.

Completely integrated facilities accredited with ISO: 9001-2000 and ISO/TS 16949 (certified by TUV NORD). Business partnership with Johnson Controls Inc., USA (JCI), a global leader in automotive batteries. Bench-marking with global best business practices, continuous improvement through lean Six Sigma and TQM practices. Team of 100+ quality experts. More than 50 quality control and assurance checks before each product is rolled out. Result: Recipient of the prestigious Ford Q1 Award, one of only 24 global companies to be awarded the Ford World Excellence Award. Preferred partner status with OEMs and telecom operators. Compounded revenue growth of 49% over the four years leading to 2007-08. An improvement in the return on employed capital from 7% to 26% across the same period. Sheer operational excellence.

That's Amara Raja Batteries for you.

Leadership

... WHEN PARTNERING WITH THE MARKET LEADER IS YOUR PRIORITY, WE OFFER AN UNBEATABLE CHOICE.

First to introduce: VRLA batteries with a three-year warranty across industrial and automotive applications; a 60-month warranty for automotive and two-wheeler batteries, leveraging VRLA technology. Unparalleled pan-India retail network: 18,000 retail outlets, 2,000 service hubs and 400+ PowerZone retail outlets, enhancing rural presence. 6.5 million satisfied users. 50 channel partners for the distribution of Quanta batteries. Presence in 16 countries. 91.97% talent retention. Enhanced capacities of automotive and medium VRLA batteries from 2.40 million units in 2005-06 to 4.90 million units in 2007-08; industrial batteries from 240 million AH to 450 million AH across the same period. Capacity utilisation and annual growth surpassing the industry average. One of the top two leading industrial VRLA battery manufacturers. Enjoying a 26% market share in the automotive OEM market and 28% in the organised segment of automotive aftermarket. Access to futuristic technologies for electric and electric hybrid applications. Second largest battery manufacturer with the fastest growing battery brands.

That's Amara Raja Batteries for you.

Responsibility

... WHEN YOU THINK SUSTAINABLE STAKEHOLDER RESPONSIBILITY IS A PRINCIPAL BUSINESS DRIVER,

WE

ASSUME A HOLISTIC PERSPECTIVE.

An investment of Rs.1,000 on April 1, 2004 grew to Rs. 9,200 as on March 31, 2008. Investor friendly measures like consistent dividends, stock split and bonus issue (recommended). A proposed investment of Rs. 2.4 billion in 2008-09 and 2009-10 to grow the business. Earmarked 0.10% of annual revenues for corporate social responsibility initiatives through direct delivery model for quick & effective reach. Adequate infrastructure, effective health and safety measures for employees. A green cover across 75% of the plant area. Industry-leading compliance under environment laws (ISO:14001certified) and effective collection of used batteries. Bridging the digital divide in rural areas through Amaragaon initiatives. Responsibility to shareowners. Responsibility to society. Responsibility to our people. Responsibility to the environment. Responsibility to stakeholders, period.

That's Amara Raja Batteries for you.

Management discussion and analysis

Indian economy

India is presently the second fastest growing economy and the fourth largest economy in the world in terms of purchasing power parity with a GDP of US $1.09 trillion and an average per capita GDP of US $964. GDP growth rate is estimated to be 9% for 2007-08 with the average growth for the past four years being 8.8% *(Economic Survey 2007-08)*. The moderation in growth occurred in all the three sectors, namely agriculture and allied activities, industry and services. Despite the moderation, the growth performance was in tune with the high average real GDP growth of 8.7 percent annually during the five-year period (2003-04 to 2007-08). The industrial sector, which contributes around 28.4% of GDP, witnessed 8.8% growth during 2007-08 *(Economic Survey 2007-08)*.

The Indian financial market remained largely orderly during 2007-08, barring the equity market, which witnessed phases of volatility, especially from early second week of January 2008 in line with major trends in international equity markets. This was primarily due to the sub-prime crisis in the US.

India emerged as one of the most attractive global investment destinations with an average annual return of 38.36 per cent, the second highest among BRIC economies with FDI inflows for the year, amounting to US$ 24.6 billion, up 56% over the previous year. DIPP and net investment inflow from FIIs for 2007 was at an all time high of US$ 17.2 billion.

Recent developments and outlook

In recent times (post March 31, 2008) there has been an almost

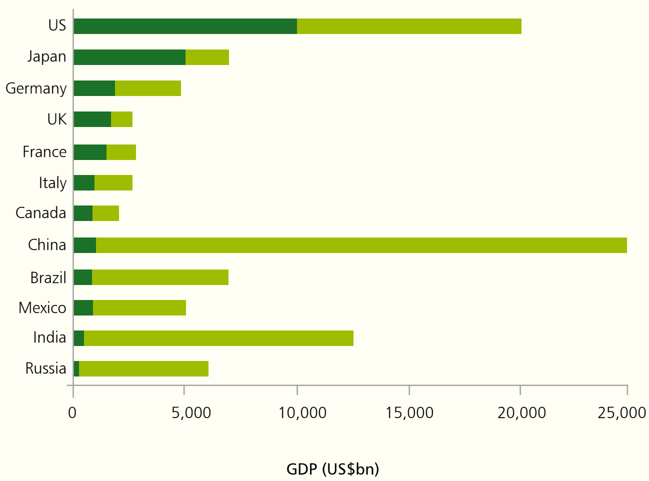
20% rise in the price of the crude oil with price breaching the US$140 mark (per barrel) in June 08. Following the surge in crude price, petrol and diesel prices in India have recently increased by Rs.5 & Rs. 3 per litre respectively.

The current year (2008-09) appears to be challenging for the India Inc. for a number of reasons:

- Inflation at 11.42% for the week ended June 14, 2008 is at a 13-year high, (expected to touch 13% before moderately sliding).
- High interest rate regime (topping the double digit mark)
- Dampened growth projection
- Volatile commodity price
- Unstable rupee (at more than US$43 level)
- Political instabilities

India encounters these challenges vis-a-vis other emerging markets in the short-to-medium term, which could derail actual performance with projected numbers. However India will exhibit its growth resilience to become one of the top global economies.

2000 vs. 2020: India emerging as one of the top global economies



(Source: KPMG)

Battery industry in India

Indian organised storage battery market is estimated at about Rs.56 billion, comprising industrial batteries (Rs.25 billion) and automotive batteries (Rs.31 billion including two-wheelers). Besides, the size of the unorganised sector is estimated at Rs.15-20 billion. The automotive segment accounts for nearly 60 per cent of sales volumes, and about 55 per cent in storage battery sales in value terms. The industrial segment accounts for the balance 40 per cent in volume terms and about 45 per cent in value terms. The automotive battery segment can be further divided into OEM and aftermarket, of which the former constitutes about 34 per cent. Demand for automotive batteries is divided among different segments with cars and utility vehicles having the largest share of 38 per cent followed by commercial vehicles at 29 per cent. Demand for automotive batteries largely relies on the growth of the automobile OEMs and the aftermarket. The growth in the industrial batteries segment is driven by infrastructure, information technology and process industries.

Amara Raja's business verticals

Amara Raja Batteries Limited (ARBL) manufactures batteries for automobile as well as for industrial purposes. As a result, the performance of the Company can be grouped into two specific divisions – industrial batteries and automotive batteries.

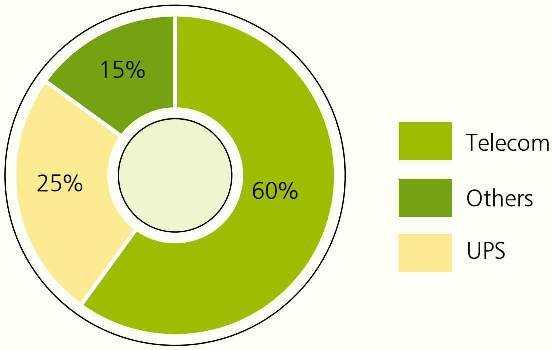
Industrial batteries division

Key highlights 2007-08

- Achieved the highest ever capacity utilisation, production and sales.
- Production up by 40% over 2006-07.
- Enhanced large and medium VRLA capacities.

The Company continued to retain the most preferred partner status with all telecom service providers, telecom equipment manufacturers, UPS OEMs and Institutional customers. Both Powerstack and QuantaTM brands have achieved significant growth in volumes. The Company has increased its Quanta channel network by 30% to gain access into unaddressed geographies. The Company has leveraged growth opportunities in Power and Process Industries to achieve impressive growth over the previous year. The Company has also fortified its position with Indian Railways backed by product performance and after sales service.

ARBL's industrial battery market segmentation



Cellular telephony is expected to witness exponential growth; as a result, BTS sites are expected to increase from 0.15 million to 0.50 million in five years and 0.8 million in 10 years.

During 2007-08, the Company focused on optimisation of resource utilisation at its shop floor through effective process-improvement initiatives:

- Initiated an in-depth analysis of the grid-casting process and carried out certain modifications, which improved the grid production significantly.
- Carried out innovative modifications at the pasting unit, which considerably improved operational speed and enhanced the productivity.
- Increased the availability of critical components to the assembly line through a pioneering process significantly saving on production time and increasing assembly line productivity.
- Improved the performance and life of the Powerstack range of batteries by modifying the design of certain internal components.
- Reduced waste and dross levels at various stages in the production process through Six-Sigma initiatives.

Outlook and optimism

The demand for industrial batteries is expected to remain robust over the coming years. This optimism is based on the credible growth projection of the key user industries.

Telecom sector: The Indian telecommunication sector has grown rapidly, emerging as one of the key sectors responsible for India's resurgent economic growth. Over the last decade (1995-96 to 2006-07), the Indian telecom service providers installed about 150,000 base terminal stations (BTS), major part of it were commissioned in 2007-08.

Going forward, this infrastructure creation is only expected to grow exponentially, on the back of the following credible estimates:

- The telecom market has an investment potential of US$ 20-25 billion over the next three-four years.
- Wireless operators are planning to spend US$20 billion over the next three years for expanding their networks. It is estimated that an additional 264,000 towers will be required to address this growth.
- Cellular telephony will experience an exponential growth because of which the BTS sites will increase from 0.15 million to 0.50 million in five years and to 0.8 million in 10 years.
- India currently has more than 250 million subscribers, which is expected to reach 500 million by 2010.
- Rural tele-density is expected to touch 10% by 2010 because of special offers by telecom companies bundled with low cost and refurbished hand sets, which will drive rural market growth.
- 20 million broad band connections and 40 million internet connections are expected to come up by 2010.
- 3G services will come up in all cities/towns with more than 0.1 million population.

To capitalise on this growth opportunity, telecom service providers are expected to invest significantly in creating the requisite infrastructure, possibly spurring the demand for the industrial batteries over the coming years.

IT and ITeS sector: With India's growing dependence as the global back office, the IT and ITeS industry is expected to grow substantially over the coming years.

- The domestic IT and ITeS market is expected to cross the Rs 2,00,000 crore (USD 50 billion) mark in 2012, compared with Rs 90,014 crore recorded in 2007 (Source: IDC India).
- The IT and ITeS exports market is likely to more than double to Rs 3,20,278 crore in 2012 from Rs 1,56,594 crore in 2007.
- Currently, about 130 million square feet is occupied by IT-ITeS companies and the requirement is expected to shoot up to 500 million sq. ft by 2010 (Source: Financial Express, September 14, 2006) – an indication of the industry's growing attractiveness.

These explosive growth indicators are expected to fuel the demand for industrial batteries from this segment.

Banking sector: Leading Indian banks are said to target a ratio of 1: 2.5 for bank branches v/s ATMs by 2012. This means the number of ATMs will grow to around 1.75 lakh, assuming the number of branches remains at the same level – a huge opportunity for the growth of industrial batteries.

Railways: The Indian Railways, the world's fourth largest rail network and the world's fourth largest freight carrier is expected to provide significant growth opportunities for the Indian industrial battery manufacturers.

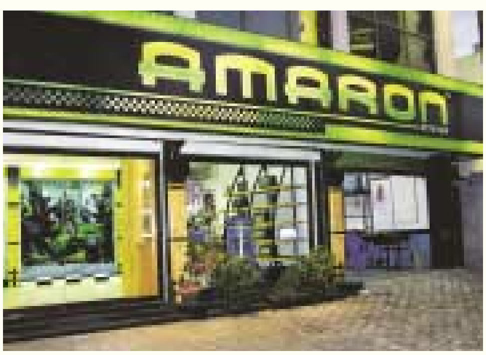
- As part of a major effort to increase the procurement of wagons, the Railway Ministry plans to manufacture 20,000 wagons in 2008. It has also targeted the manufacture of 250 diesel (Rs 3,231 crore investment) and 220 electric locomotives (Rs 4,343 crore investments) in 2008-09.
- Against the in-house manufacturing capacity of 2,500 passenger cars and 350 locomotives annually, 4500 passenger cars and 700 locomotives are required to meet the future traffic needs.
- The Railways plans to attract about US$ 24.63 billion in the next five years through public-private partnerships to complement its efforts to modernise, upgrade and expand its infrastructure. In 2008-09, the Indian Railways plans to attract US$6.15 billion of private investment.
- The ministry has already announced plans to invest US$ 46.70 billion for the modernisation, capacity expansion and completion of new projects during the Eleventh Five-Year Plan.
- Talks are already on to enhance the conversion of conventional batteries in the standard coaches with VRLA version to minimise maintenance cost.

These investments are expected to increase the demand for coaches for Indian Railways, along with the potential to grow the demand for industrial batteries.

Power Control: According to the Ministry of Power, India faces a power deficit of 22,000 MW. Ironically, the country generates 1.3 lakh MW of power, out of which T&D losses amount to as much as 30,000 MW. India perennially suffers from power deficit and parts of the Country, such as Maharashtra, face up to 12 hours of rolling blackouts, jeopardising industrial operations. This scenario is expected to enhance the reliance on industrial batteries, despite the announcement of huge power-generation capacities, owing to the following realities:

- Delay in the execution of regular projects against set targets.
- At best, 35,000 MW is expected to be added against the planned 78,577 MW in the Eleventh Plan owing to the unavailability of power-generation equipment.

The Company realigned its product proposition with warranty ranging from 12 to 60 months in the passenger car segment, coupled with new variants introduction.



ARBL's initiatives

To capitalise on anticipated growth opportunities, the Company's forward-looking initiatives comprised the following:

- Investing Rs.650 million to expand the large VRLA battery capacity from 450 million Ah to 900 million Ah. The new facility is expected to commence its operation during second half of FY2008-09.
- Enhancing medium VRLA capacity by 20%
- Entry into small VRLA batteries business
- Widening product basket to suit diverse end-user requirements
- Augmenting channel network to enhance pan India coverage

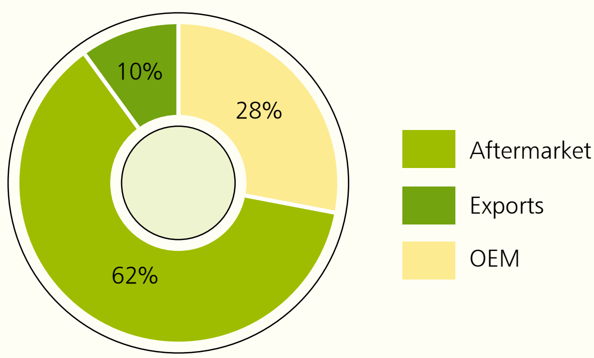
Automotive batteries division

Key highlights, 2007-08

- Production up by 35% over 2006-07.
- Installed capacity increased to 3.9 Mn units in 2007-08.
- Launched a product with a 60-month warranty, unheard of in the Indian automotive battery industry .
- Launched the 'PowerzoneTM' concept, another first for the Indian battery industry.

The Company has realigned its product proposition with warranty ranging from 12 to 60 months in the passenger car segment coupled with new variants introduction. During the year, the Company has launched Powerzone concept stores to cater to the rural and semi urban markets. The Company continues to maintain its 26% share in OEM, while making inroads into various new platforms. The Company has maintained its growth in excess of industry average in the aftermarket ably supported by brand visibility and reach.

ARBL's automotive battery market segmentation



The Company focused on increasing the output from its investment in the facility through a continuous improvement programme. This is also facilitated through its business alliance with Johnson Controls Inc. (JCI), USA, reinforcing the compliance of global best-practices and benchmarks.

In 2007-08, the Company has registered a significant improvement in productivity levels over the 2006-07 benchmarks. This is largely due to a rigorous analysis of every process for eliminating idle time and achieving process improvements across the manufacturing processes.

- Changed the layout of key areas of the shopfloor, improving loading efficiency and manpower utilisation.
- Institutionalised a periodic maintenance schedule for all key equipment and designed unique maintenance program for increasing machine uptimes.
- Undertook initiatives to unlock value from the casting unit through improved equipment cooling and maintenance.
- Undertook a project to improve the pasting line uptime and to minimise production loss through innovative machine modification.
- Reduced the mould changing time at the plastic moulding unit through prudent planning.

Differentiator recall

Brand: The Company has adopted a brand communication, positioning Amaron® as 'India's Most Powerful Battery'. Narain Karthikeyan, Armaan Ibrahim, Karun Chandok and Aditya Patel, leading international racers, are the brand ambassadors of the Company. To enhance brand awareness, the Company is periodically organising Go-Karting championships.

Channel: Over the years, Amara Raja has created a Pan-India network to establish a strong presence in the aftermarket segment – the division's key revenue earner. The Company's network comprises 175 franchised distributors, including 120 Amaron Pitstops, 18000 retailers, 400 PowerZone retail outlets and 2000 service hubs – the largest distribution & service network in the Indian battery industry.

PitStop: The Amaron PitStop provides an exclusive retail experience to the battery user. These retail centers display the entire range of automotive batteries. It is accompanied by a service facility for recharging batteries and for logging customer grievances. These franchisees cater to the need of the retailers in the area and also individual brand loyalists. The Amaron PitStop also functions as a collection centre for used batteries for safe recycling. Currently there are 120 PitStops in India, which is expected to increase to 150 by March 31, 2009.

PowerZone: To bridge the urban-rural gap and to cater the growing need for better technology and service at affordable price in the rural markets, the Company launched a new retail format, the Powerzone. The network will offer quality automotive and power-related solutions for the rural households, shops and vehicles. Besides, these distribution nodes will offer other power related solutions – to emerge as a one-stop power solution in the area. The PowerZone concept was launched in May 2007; currently there are 400 Powerzone outlets in India, which is expected to increase to 800 by March 31, 2009.

Exports: The automotive batteries are exported to Srilanka, Nepal, Singapore, Malaysia, Indonesia, Taiwan, Philippines, Greece, Australia, Kuwait, Dubai, China and Japan. Exports constitute 10% of the division's revenue. By virtue of its superior quality, Amaron continues to be preferred brand amongst taxi operators in Singapore.

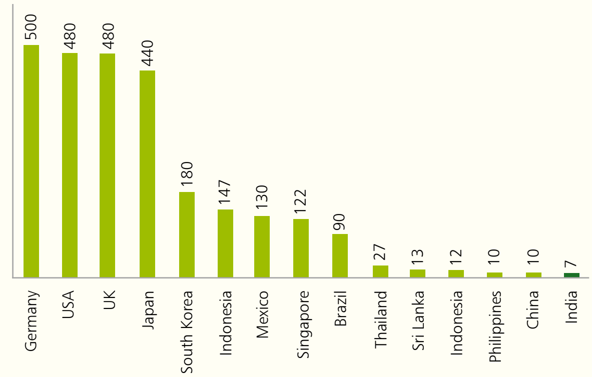
Outlook and optimism

As the growth of the battery industry is directly proportional to the growth in the automotive industry, it would be relevant to understand the growth potential of the Indian automobile market.

OEM Market segment:

India is emerging to be the seventh largest automobile market by 2016 and the world's third largest by 2030, behind only to China and the US. Around 2.3 million new units (passenger cars) are likely to come up by 2010(E); the domestic passenger car segment is expected to post a healthy 14% CAGR. Exports in this segment are also expected to average a 50% annual growth between FY07 and FY10(E). The passenger car penetration in India is an abysmal low; a trend which is expected to correct faster than ever before. This is largely due to the growing per capita income of the average Indian.

Passenger car penetration per thousand: A comparative study



The installed capacity (excluding medium VRLA capacity), will increase from 3.9 to 4.4 million units during the second quarter of 2008-09.

Small cars, big Indian opportunity

Although the number of cars produced in India is smaller than that in the US, Japan, China and other European countries, it is the third largest producer of small cars after Japan and Brazil. Small cars also account for over 71% of the domestic market.

Passenger car market, a snapshot

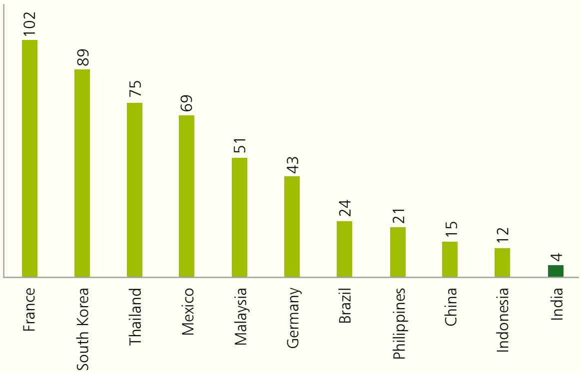
	FY07	FY10E	CAGR
Installed capacities	1,659,000	3,892,000	32.9%
Domestic sales	1,379,698	2,050,000	14.1%
Exports	198,478	750,000	55.8%

(Source: Edelweiss)

Commercial vehicles

The buoyant industrial growth in India and increased mining activity is driving growth in India's commercial vehicle segment. CV volumes are more closely correlated with industrial production (correlation of 0.42) and consumption, agricultural growth, spending on infrastructure, foreign trade and growth in the Gross National Product. The commercial vehicle market in India is only at about 300 vehicles sale a year for every million of the population, against an estimated 800-1,000 annual unit sales for every million of the population worldwide, indicating a huge opportunity. Improving road, highway network, increased movement of goods among regions and for the export market is expected to correct the abysmal commercial vehicle penetration.

Commercial vehicles penetration per thousand: A comparative study



The commercial vehicle sector is expected to almost double its output by 2008, considering the expansion plans announced by commercial vehicle manufacturers. The industry, which produced around 3.5 lacs CVs in 2005-06, is expected to roll out additional 2.35 lacs CVs by 2008 for an estimated Rs.3.5 bn investment.

CV market snapshot

	FY08	FY10E	CAGR
Installed capacities	326,700	590,200	21.8%
Domestic sales	207,446	268,650	9.0%
Exports	14,096	20,700	13.7%

(Source: Edelweiss)

Aftermarket segment

The aftermarket segment represents a huge growth opportunity for the Company. Consider this: every car sold today presents an aftermarket opportunity – in about three-four years later. It is this segment in which we have a significant competitive advantage over peers and that will drive our growth over the coming years. To provide an idea of the opportunity at hand, it would be relevant to highlight vehicle sales of only the last six years – and this is only the tip of the iceberg.

Automobile production trend

(No. of vehicles)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Passenger vehicles	723,330	989,560	1,209,876	1,309,300	1,545,223	1,762,131
Commercial vehicles	203,697	275,040	353,703	391,083	519,982	545,176
Three wheelers	276,719	356,223	374,445	434,423	556,126	500,592
Two wheelers	5,076,221	5,622,741	6,529,829	7,608,697	8,466,666	8,026,049
Grand total	**6,279,967**	**7,243,564**	**8,467,853**	**9,743,503**	**11,087,997**	**10,833,948**

(Source: Society of Indian Automobile Manufacturers)

The existing aftermarket battery potential, as estimated by the Company, of 8.4 Mn units is expected to grow at a CAGR of 10% to reach 13.5 Mn units by 2013.

ARBL's initiatives

It is a huge opportunity, and we are gearing ourselves to capitalize on each segment effectively. Towards this we have enhanced the capacity, excluding medium VRLA capacity, from 3.9 Mn units to 4.4 Mn units during the second quarter of FY 2009. We would continue to increase capacity through productivity improvements and debottlenecking. We would also invest, at appropriate time, to further augment capacity to capitalise on the anticipated growth opportunities. We are also focusing on widening the network with additional Pitstop and Powerzone retail outlets.

Business support

Research & Development

Overview: R&D represents the Company's critical edge over peers, reinforcing its position as the pioneer of battery products in India.

Product development

Automotive: The Company's R&D focus enriched products diversity through innovation; it introduced a varied product range depending on product warranties to suit diverse customer requirements.

- Introduced brand extensions, the product Amaron Hi-Life with different warranties – PRO with a warranty period of 60 months (pioneering a 60-month battery warranty in India), FLO with a 48- month warranty and GO with a 36-month warranty.
- Introduced new range of batteries – Fresh with 12-month and Black with 18-month warranties.

VRLA technology, a first for the Indian two-wheeler segment

The Company is launching Amaron Pro Bike Rider, with unmatched durability and higher cranking power. This is the first battery in India with a 60-month warranty for the two-wheeler segment. These batteries are VRLA-technology empowered – a preferred choice for luxury cars across the world. Amara Raja has made this superior technology available to Indian two-wheeler customers

Industrial: The Company undertakes an aggressive research to introduce products with consistent power back-ups, customised to the end-user requirements of the particular sector.

Process improvements

To increase production volumes the R&D team develops and introduces processes to enhance productivity and optimise resource consumption. In 2007-08, the Company installed the expanded metal technology to optimise lead use, reducing production cycle time significantly.

Human resource management

With a 1,874-member strong team, numbers are Amara Raja's strength in more ways than one!

Overview: The Company's strong HR thrust is reinforced through a well-thought-out strategy comprising continuously enhanced employee engagement, development and performance. Several programmes align its HR objectives with the organisation's business strategy:

Talent acquisition: The Company has put in place best processes to attract and retain talent. Besides lateral talent recruitment, the one-year Amara Raja GET/MT Programme (ARGMP) inducts and intensively trains fresh talent.

Appraisal: The Company develops annual individual performance plans (IPP) for every employee to structurally align it to functional balanced score card (BSC) objectives, which in turn are aligned to the Company BSC, dovetailing individual

The ARePAS (Amara Raja Electronic Appraisal System) – an in-house electronic appraisal system – reviewed employee performance and development leading to the design of training and development initiatives.

performances to organizational goals. The ARePAS (Amara Raja Electronic Appraisal System) – an in-house electronic appraisal system – reviews employee performance, growth and development over a period. In 2007-08, appraisal transparency was enhanced through a structured 360° feedback programme, where subordinates, peers and superiors gave feedback on the quality of leadership of each individual in the senior management team.

Management and leadership programme: To dovetail the outlook of the senior management with the Company's larger vision while fostering continuous innovation, the Indian Institute of Management, Bangalore (IIM-B) helped customise a general management and leadership programme. The senior management team, including the chairman and managing director, participated in this programme.

Amara Raja trainee scheme at workmen level: As a part of its social responsibility initiative, the Company imparted/ upgraded technical and/or industrial skills of selected local youth around the factory through the comprehensive Amara Raja Trainee Scheme (ARTS) for workmen. It comprised classroom, workshop and shop floor training to create a grassroots talent pool.

Employee engagement and employee performance: Amara Raja institutionalised "employee engagement" processes to enhance employee retention and motivation through periodic surveys/analysis/proactive actions. The Amara Raja Employee Engagement Survey findings helped formulate change action plans to enhance engagement scores or the loyalty index in identified areas. Change teams created at various functional tiers implemented the change plans.

As in every year, the Company conducted its annual compensation benchmark survey to understand market trends and devise strategies to keep the company's compensation structure attractive. The annual review of the organisation structure, aligned with business plans, helped the Company arrive at relevant strategies to make it nimble, transparent and responsive to the ever-changing market conditions.

Technology-driven HR processes and systems: The Company's people-centric HR systems are powered by cutting-edge technologies. The ARG-HR Portal an intranet portal that interfaces between HR and employees disseminates Company policies and latest organisational developments, besides giving employees direct access to the HR department through queries and feedback. Employees can also download forms concerning LTA, leave, loan and travel reimbursement applications, among others from the portal.

Road ahead, 2008-09

The e-Induction programme, which currently is being processed, is expected to cut down travel time and expenditure, facilitating the seamless induction of new employees across locations.

Information technology

Overview: A technologically forward-looking Company, it recognises that information technology is a growth enabler. In 2000-01, the Company was one of the few in its industry segment to create an ERP environment by installing the Ramco E.Dot package.

Highlights, 2007-08

Extended technology to the retail network

- Deployed software to meet the key requirements of branch offices, integrating it with the Company's ERP system.
- Standardised billing and other systems across the retail network.
- Provided information on market trends, products, volumes, brand strength, dealer performance and regional preferences, among others.
- Helped franchisees and retail partners to generate reports digitally instead of manually, ensuring speed and accuracy.

Invested in data collation

- Deployed a data acquisition system for operations to seamlessly track production details at each assembly line across batches for accurate and real-time monitoring of daily production volumes within budget.

Strengthened connectivity

The Company evolved to the Multi-Protocol Layer Switching (MPLS) connectivity from the point-to-point version, with the following benefits:

- Seamless addition of a network to an existing one.
- Connectivity across various media such as broadband, GSM, dial-up and leased line.
- Enhanced connectivity through data transfer and voice streaming.
- Integration of national and international networks.

Invested in sophisticated hardware

ARBL invested in blade servers as opposed to the standalone servers, to reap the following benefits:

- Higher operational speed.
- Virtualisation that enables installing multiple operating systems and applications.
- Multiple use of a single server for better utilisation of bandwidth, frequency and hard disk space.
- Efficient use of space as the blade enclosures accommodate 16 blade servers in one enclosure and five enclosures can be stacked in a single rack.
- Connectivity between servers at 4Gbps compared to conventional server connectivity of 1Gbps.

Road ahead, 2008-09

- The Company plans to migrate to a more robust ERP environment, for which it has engaged a reputed consultant to conduct an in-depth study on the information technology systems.
- The Company is working out a blueprint to install customer relationship and business intelligence modules.

Analysis of financial statements

Revenue growth	EBIDTA growth	Profit after tax growth	Cash profit growth	EPS growth
81%+	100%+	100%+	85%+	100%+
Over 2006-07	Over 2006-07	Over 2006-07	Over 2006-07	Over 2006-07
EBIDTA margin in 2007-08	PBT margin in 2007-08	PAT margin in 2007-08	RONW in 2007-08	ROCE in 2007-08
16.5%	13%	8.5%	28%	26%

(Rupees millions)

Parameters	2006-07	2007-08
Revenue	5,958	10,833
Other income	98	256
EBIDTA	913	1,833
Gross profit	882	1,704
Profit before tax	712	1,459
Profit after tax	470	944
Earnings per share (Rs.)	8.26	16.57
Cash earnings per share (Rs.)	11.25	20.87

Revenue

For the first time in the Company's history, revenue from operations crossed Rs.10,000 million mark, driven by three factors:

- Growth powered by expanded capacities both in industrial and automotive battery divisions.
- Improved price realisations.
- Recovery of increased lead prices.

About 50% per cent of the overall increase in topline is due to the recovery of increased lead prices from end-users. The Company has recorded, in volume terms, 37% sales growth in industrial batteries division and 27% sales growth in automotive batteries division over previous financial year.

Other Income: Other Income up by 162% compared to the previous year, from Rs. 98 million in 2006-07 to Rs. 256 million in 2007-08, largely due to plant scrap sales and gains from foreign exchange fluctuations as the Company is a net importer. Increase in scrap sales is resultant of increased volume of operation and surge in lead price.

Cost analysis

While absolute operating costs increased from Rs. 5,143 million in 2006-07 to Rs. 9,256 million in 2007-08; total operating cost as a proportion to the total income declined by about 150 basis points – reflecting the Company's judicious use of resources. The 3% increase in raw material cost is due to surge in lead price. The company has fully recovered the lead price increase thus keeping the cost under control.

Margins

The Company's profitability strengthened in 2007-08 compared to the previous fiscal due to the following:

- Increased topline with better price realisation.
- Enhanced operations driving value from the economies of scale.
- Optimised operations enabling cost control.

The numbers reflect the impact of these initiatives:

	2006-07	2007-08
EBIDTA margin	15.0%	16.5%
Net margin	7.8%	8.5%

Sources of funds

Capital employed: The capital employed (net of cash) in the business increased by 65% from Rs. 3,724 million as on March 31, 2007 to Rs.6,152 million as on March 31, 2008 - largely due to growing capacities and utilisation in both business segments.

Own funds: The Company's net worth increased from Rs. 2,437 million as on March 31, 2007 to Rs. 3,331 million as on March 31, 2008, leading to a direct increase in the book value of the share (Rs.2/-each) from Rs.43/- as on March 31, 2007 to Rs.58/- as on March 31, 2008.

Equity: The equity comprised 56,937,500 equity shares with a face value of Rs. 2/- per share. The promoters hold 52% stake (26% each by Galla family and Johnson Controls Inc, USA) in the Company and the rest by high networth individuals, institutional investors and common public. During the year, the Company has subdivided its Rs.10/- per share to Rs.2/- per share to enhance liquidity and shareholders wealth.

Reserves: Reserves, as zero-cost funds, represent the Company's financial strength. The Company's reserves increased by 38% from Rs.2,323 million as on March 31, 2007 to Rs. 3,217 million as on March 31, 2008, largely due to the ploughback of operational surplus in the business. The Company continues to retain major part, more than 90%, of year earnings to fund capex and working capital needs.

External funds: The Company's loan portfolio increased by 124 per cent — from Rs.1,407 million as on March 31, 2007 to Rs.3,163 million as on March 31, 2008. The increase in debt is to fund automotive and medium VRLA capacity expansion and to meet the growing working capital requirement as a corollary of the increased scale of operations. As a result, debt-equity ratio increased from 0.6:1 as on March 31, 2007 to 0.95:1 as on March 31, 2008.

Working capital loans comprise buyers' credit, working capital demand loan and cash credit. Of the outstanding loans, 56% is foreign currency loan. Unsecured loans represent interest-free sales tax deferment. While the Company's absolute interest cost increased from Rs.31 million in 2006-07 to Rs. 129 million in 2007-08, average interest cost declined during the year.

Application of funds

Gross block: The Company's gross block increased from Rs.2,578 million as on March 31, 2007 to Rs. 3,106 million as on March 31, 2008. The net increase of Rs.528 million is predominantly due to capitalisation arising from automotive and medium VRLA batteries capacity expansion in addition to regular capex. Increase in CWIP of Rs.595 million represent spending for MC-SVRLA project and 2V Large VRLA capacity expansion.

Working capital: The overall working capital requirement has increased during the year due to increase in volume of operation, surging lead price and resultant recovery through sale price increase. Substantial increase in lead price has pushed up both inventory and receivables holding in addition to normal increase due to higher volume of operation. However the overall working capital cycle has shown improvement during the year.

Year end inventory and receivables has increased from Rs.922 million to Rs.1,943 million and Rs.1,460 million to Rs.2,265 million respectively. As of March 31, 1.13% of receivables is more than six months old as against 2.44% of previous year. Charge to P&L due to Provision for doubtful debt and bad debts is Rs.6.85 million in 2007-08 as against Rs.36.86 million in 2006-07. The sundry creditors has increased from Rs.608 million as on March 31, 2007 to Rs.809 million as on March 31, 2008.

Income tax: Current income tax provision (excluding FBT) increased from Rs. 218 million in 2006-07 to Rs. 480 million in 2007-08 due to higher profitability. The average tax rate for the Company works out to 32.90 per cent in 2007-08.

Foreign exchange exposure: The Company's foreign exchange exposure was Rs.3,808 million in 2007-08, exposure in the form of lead imports, capital goods, spares and loan repayment and foreign exchange earnings through exports of automotive batteries at Rs.403 million in 2007-08.

Internal control and audit

The Company has adequate internal control system, commensurate with its size and nature of business, which provides for:

- Review of long term business plans, annual plan and capital investments.
- Adherence to all applicable accounting standards and policies.
- Periodic review and rolling forecasts.
- Proper accounting and review mechanism.
- Compliance with all applicable statutes, listing requirement and internal policies & procedures.
- IT systems with adequate in built controls and security.

The Company is availing the services of an external audit firm to carry out periodical internal control review and audit. The audit findings and management responses are being placed before Audit Committee for its review and guidance.

De-risking at Amara Raja

An institutionalised de-risking framework is embedded at the base of our growth edifice.

Our institutionalised de-risking reconciles organisational protection with sustainable growth.

At the heart of our risk mitigation is a comprehensive and integrated risk management framework that comprises prudent norms, structured reporting and control. This approach ensures a disciplined risk management approach – centrally initiated by senior management but prudently decentralised across the organisation – that helps managers mitigate risks at transactional points.

As a result, we go ahead with only those business decisions that balance risk and reward; this ensures that our revenue generating initiatives are consistent with the risks we take.

Risks from the external environment

Industry risk

A slowdown in key sectors serviced by the Company could hamper demand for batteries and retard growth.

Risk mitigation

The Company caters to sectors that are on a high-growth trajectory as they are on the Government's priority, being the key drivers of the Indian economy.

- **Telecom:** The tele-density in India is expected to grow from 23% at present to 50% in next three years; requiring an extensive infrastructure roll out on a pan-India basis. Investment plans announced by telecom majors on expansion indicate the robust growth potential in this segment.

- **IT and ITeS:** Sunrise IT and ITeS sectors are key foreign exchange earners of the country, reflected in their growing demand for space and manning addition to expand operations. According to Nasscom-McKinsey, over 1 million more people will be added to the IT-ITeS sectors by 2010, driving the demand for over 100 million sq. ft of office space.

- **Automobile:** The Indian automobile segment is expected to be the seventh largest in the world by 2016 and the third largest by 2020. Consider this: the passenger car segment alone has planned to invest Rs. 12 billion over the next four years to double their capacity from the existing around 2 million vehicles a year.

With these sectors charting an aggressive growth map, the demand for batteries is expected to increase over the coming years.

Competition risk

New entrants in the batteries sector could intensify competition, impacting the Company's realisations and the market share.

Risk mitigation

The Company, which is in the battery business for more than 15 years, has taken adequate measures not just to safeguard its market share but to increase it.

- **Increasing capacities:** The Company has been expanding capacities over the last few years in both its divisions – automotive batteries and industrial batteries –enabling it to cater to a growing & wider market and leverage on the economies of scale.

- **Technology-driven products:** The Company unveiled technology-intensive products which enables it to offer an extended warranty – a key differentiator to strengthen brand recall among users.

- **Relationships with OEM:** The Company has established a strong relationship with OEMs through quality products and services, emerged as the preferred supplier among OEMs.

- **Spreading its network:** Over the years, the Company created the largest retail network for a pan-India presence, giving it an edge over competition.

With these attributes, the Company expects to maintain its growth rate over the coming years.

Realisations risk

A decline in price realisations could impact the Company's profitability.

Risk mitigation

The Company is aware that this external factor could impact its performance and profitability. To de-risk itself from this threat, the Company has taken a number of initiatives:

- Invested in creating a fully integrated manufacturing infrastructure, making products cost-competitive.

- Invested in enhancing capacities in both its battery divisions over the last three years, enabling it to leverage on the economies of scale.

- Invested in technologies and equipment to enable optimum utilisation of resources and reduce production costs through higher productivity.

- Instilled Continuous Improvement (CI) culture across all functions of the Company to improve efficiency.

- Invested in knowledge capital to grow its product portfolio towards superior variants.

With these initiatives, the Company would be in a position to minimise the impact of risk of decline in price realisation.

Risks related to operations

Raw material risk

Lead accounts for about 70 per cent of total raw material costs. An increase in lead prices could significantly hamper the margins of the Company.

Risk mitigation

- The Company realises that lead availability at reasonable price is critical for seamless operations and sustainable growth. It has taken significant steps to minimise the impact of lead price hike on its profitability.

- The Company imports larger portion of its lead requirement and hedges its supply position through annual contracts with various vendors. The company maintains a prudent inventory levels at all times to ensure seamless operation. In addition, the Company has a commodity risk management committee to monitor and address concerns on lead availability and pricing.

As a result, while the lead prices peaked during FY2007-08, the Company could maintain its operating margin through appropriate pricing mechanism and cost control measures. Further, the experts foresee a surplus lead position during the financial year 2008-09 at reasonable price levels.

Operational risk

Operational inefficiency would increase production costs, impacting the Company's competitive edge.

Risk mitigation

The Company understands the importance of cost optimisation in a highly competitive industry and has established a number of process improvement initiatives to increase productivity while reducing costs. Improvement initiatives carried out during the year include modifying processes and equipment, eliminating idle time and enhancing capacities in the industrial and automotive battery divisions.

As a result, in the year under review, the Company achieved the highest capacity utilisation and production at both its battery divisions, as both operated at their optimum capacity.

Quality risk

Inconsistent battery quality could lead to customer attrition and damage the Company's brand value.

Risk mitigation

The Company is aware that inconsistent product quality could hamper its performance and growth. To stay at the cutting-edge of quality, the Company has institutionalised its quality systems in line with internationally accepted stringent quality standards, enjoying ISO 9001:2000, QS-9000 and TS-16949 certifications.

The Company's quality focus is reinforced by credible realities:

- In Singapore, the Company's Amaron brand enjoys a monopoly in the taxi fleet, beating its nearest Japanese competitor.
- It continues to be preferred supplier to various automobile OEMs, Telecom service providers, telecom equipment suppliers and institutional buyers.
- Amaron continues to be a preferred brand in automotive aftermarkets with extended warranties.

Risks related to marketing

Market segment risk

Over-dependence on a particular business segment could hamper growth if user industries serviced by the segment experience a downturn.

Risk mitigation

The Company has its presence in both battery segments – industrial and automotive – with equal contribution from both to its topline. In individual segments, the Company prudently focused on value-enhancing sectors to positively impact its growth and profitability.

Industrial batteries: The Company caters predominantly to telecom and UPS segments which are expected to be on a high growth curve, attracting significant domestic and global investment and thus creating considerable business opportunity for this division.

Automotive batteries: The Company established a firm foothold in the passenger car and commercial vehicle segments of the automobile industry, which are expected to witness planned expansions especially by its OEM customers in the near future. The Company's entry in the two-wheeler segment will amplify the growth opportunities of this division.

Distribution risk

With an inadequate distribution network, the Company may not be able to capitalise on opportunities emerging from all pockets of India.

Risk mitigation

Amara Raja has a significant presence in the OEM and aftermarket sectors. The Company has separate marketing channels for these sectors both in the automotive and industrial battery divisions to maximise capitalisation of emerging opportunities.

OEM segment: The OEM sector is serviced by separate automotive and industrial battery teams which hold regular meetings to understand customer requirements in the near future and integrate them with the Company's production plan for seamless delivery.

Aftermarket segment: The Company has the largest distribution network for its automotive battery division, enabling the Company to cater to emerging opportunities in any region of the Country. Its foray into the semi-urban and rural areas through the PowerZone format is expected to capture a significant part of the unorganised market. For industrial batteries, the aftermarket is effectively catered by its channel partner AQUA.

Receivables risk

The Company must sell with the certainty of getting its realisations to eliminate the risk of bad debts. An inordinate delay in realisations could cramp the Company's working capital cycle.

Risk mitigation

ARBL is aware of the importance of timely liquidation of debtors. Its business model acts as an adequate de-risking against sales receivables through the following initiatives:

- Aftermarket sales are on a cash-and-carry basis.
- Although OEM sales have varying receivable cycles, longstanding business relationship enable the Company to liquidate its dues within credit limit & period.
- The Company's major presence in private telecom business enables to reduce DSO in industrial battery segment
- Credit Control function facilitates seamless coordination between the company and customers to improve realisation in time.

Risks related to corporate decisions

Strategy risk

The Company is entering the motor cycle and small VRLA battery business. An incorrect implementation of the business plan could prove detrimental to the Company's growth and shareholder wealth.

Risk mitigation

- The Company's foray into this segment is well planned keeping in mind the Rs. 500-crore business opportunity, considering the 8 per cent y-o-y growth across OEM and aftermarket.
- The Company has developed the VRLA battery based on proven Johnson Controls technology
- The Company has launched all new VRLA battery for the two-wheeler sector with a 60-month warranty to capture top-of-the-mind recall in the OEM and aftermarket

The Company has well established marketing and distribution networks, facilitating easy access to markets on Pan-India basis.

Funding risk

The Company may not be able to garner the requisite low-cost funds for its capex plans and working capital requirement in the coming years.

Risk mitigation

- The Company has secured necessary financial closure to part fund capex for MC-SVRLA project and Large VRLA capacity expansion during FY 2008-09.
- The Company's credit rating of AA-/Stable/P1+ by CRISIL, would enable it to secure enough low cost funds both for capex and working capital.
- The Company's healthy debt-equity would provide enough funding avenue to sustain the growth momentum.

Liquidity risk

Increased operations could stretch the Company's liquidity position, hampering its day-to-day operations.

Risk mitigation

- The Company has already sought enhancement in working capital facilities from its bankers to support increase in operations.
- The Company has embarked on optimising its overall working capital cycle to improve liquidity with concerted effort to reduce DSO and DOH.
- The Company's increased focus in the aftermarket and large private telecom service providers is expected to reduce the debtors' cycle, thus improving liquidity.
- The Company's consistent profits plough back policy would provide enough liquidity to feed growth in operations.

A socially responsible enterprise

ARBL believes in creating a socially and economically vibrant community to inspire growth and self-reliance within and outside the Company. Towards this end, we chose to address five key areas for holistic development:

Education: We have provided primary schooling facilities for our employees' children. Our employees made a significant contribution to Krishna Deva Raya Educational Trust and Cultural Association (KECA). It is helping meritorious and economically backward students with financial assistance to pursue higher education.

Infrastructure: We responsibly established daily infrastructure needs: a bank and post office for employees and the public; residential complexes, subsidised transportation and recreational clubs for employees.

Village development: We focused on and participated in large-scale rural development, building roads, rainwater storage tanks, supply channels, de-silting of water tanks and check dams. We remained committed in investing significant time and resources on all ongoing and long-term initiatives for 'Grameena Vikasam'.

Environment: Our respect for the environment remained a core business value, reflected in widespread, proactive environment programmes like green belt development, energy conservation, water harvesting, as well as the installation of world-class air and water pollution control equipment.

Employment: We ventured into the semi-urban and rural markets with the PowerZone distribution network, providing employment to more than 1,000 individuals. Our network expansion – proposed 800 outlets by 2008-09 – will only increase employment opportunities for the rural workforce.

Right click for rural India

Amaragaon, our pioneering community development initiative, facilitates the bridging of the technology gap between urban and rural India, creating rural entrepreneurs. Through a collaboration with Dristee, an NGO, we established 390 internet centres in identified rural locations across four states. This initiative achieved the following:

- Opened the IT window for rural communities, something not available to them earlier
- Trained villagers in computer and internet operations
- Provided sustainable revenues to the rural entrepreneur through multiple income streams

10-year performance at a glance

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Production (Nos.)	4,194,960	3,116,954	2,129,491	1,230,974	944,632	735,754	604,949	382,774	247,039	239,604
Sales (Nos.)	4,121,017	3,083,573	2,117,664	1,222,943	947,658	709,957	580,369	378,153	244,992	240,527
Gross Sales	13,499.87	7,451.03	4,458.30	2,685.44	1,999.23	1,987.35	1,882.20	1,550.13	1,320.81	1,865.46
Profit before Depreciation, Interest and Tax	1,833.14	912.94	533.91	273.57	136.33	238.12	338.08	308.94	320.11	622.45
Profit before Depreciation	1,703.83	882.01	520.47	272.12	134.57	234.34	331.41	303.47	316.49	619.82
Profit Before Tax	1,459.38	711.98	373.46	135.81	11.52	117.34	247.35	235.14	263.83	573.02
Profit After Tax	943.63	470.43	238.47	86.90	13.90	74.01	182.23	205.32	195.36	438.95
Equity Capital	113.88	113.88	113.88	113.88	113.88	113.88	113.88	113.88	102.73	102.73
Reserves and Surplus	3,217.14	2,322.78	1,898.98	1,692.97	1,632.04	1,637.41	1,582.68	1,555.57	1,290.73	1,129.58
Net Worth	3,331.02	2,436.66	2,012.85	1,806.85	1,745.92	1,649.10	1,587.53	1,602.99	1,393.46	1,232.32
Gross Block	3,105.84	2,577.79	1,907.12	1,672.30	1,593.02	1,556.05	1,453.41	1,008.57	823.32	647.41
Net Block	2,545.92	1,629.97	1,091.70	961.52	1,001.40	1,087.12	1,094.72	733.80	616.83	491.98
Book Value per Share (Rs.)	58.50*	42.80*	176.76	158.66	153.32	144.82	139.41	140.77	135.64	119.96
Earning per Share (Rs.)	16.57*	8.26*	20.94	7.63	1.22	6.50	16.00	19.64	19.02	42.73
Dividend (%)	35	35	25	20	15	15	35	35	30	60

*In September 2007, the Company sub-divided the face value of equity share from Rs. 10/- paid up to Rs. 2/- paid up. Consequently the book value per share and earnings per share for the years 2007-08 and 2006-07 have been restated to reflect the same.

Directors' Report

Your directors have pleasure in presenting their report together with the audited accounts for the financial year ended March 31, 2008.

Financial results

(Rupees millions)

Particulars	For the year ended March 31, 2008	For the year ended March 31, 2007
Profit after tax	943.63	470.43
Add: Profit brought forward from last year	1,125.79	749.03
Profit available for appropriation	2,069.42	1,219.47
Appropriation		
General reserve	94.36	47.04
Dividend (including dividend tax)	46.63	46.63
Surplus carried to Balance Sheet	1,928.43	1,125.79

Performance

The year 2007-08 is a milestone year in the history of the Company with its turnover crossing the magical Rs. 10,000 million mark and its profitability crossing Rs. 1,000 million mark (at the PBT level).

The gross sales for the period ended March 31, 2008 was Rs. 13,499 million as compared to Rs. 7,451 million in the previous year registering an impressive growth of over 81%. The Profit Before Tax (PBT) for the period was Rs. 1,459 million as against Rs. 711.98 million registering a growth of over 100%. The Profit after tax (PAT) i.e., distributable profit also clocked a healthy growth of 100% and ended at Rs. 943.63 million as against Rs. 470.43 million.

The Company's business in both Industrial & Automotive divisions saw good volume and value growth during 2007-08 due to varied factors viz., growth in telecom markets, surge in demand for UPS batteries and increasing shift towards organised market in automotive after market and decent growth in vehicle production.

Capacity expansion

The Company had announced a series of expansion plans during the last 24 months and the same are being implemented in phases. During the year 2007-08 the capacity in automotive battery plant was increased from 3.6 million units to 4.9 million units (which includes additional capacity created in monobloc VRLA batteries).

Borrowings

During the year under review, the Company had availed term loans sanctioned by Citibank (Rupee term loan) and foreign currency loan by way of ECB from BNP Paribas.

The Company's judicious use of working capital and internal accruals ensured that the interest outgo was kept at the minimum level for the scale of its operations.

Credit Rating

During the year the Company's borrowing programme was assessed by CRISIL for its various requirements and the following ratings have been assigned for its fund based and non-fund based requirements.

S. No.	Facility	Rating
1.	Term Loans	AA-/Stable
2.	Cash Credit/Working Capital Demand Loan (WCDL)/Export Credit	AA-/Stable
3.	Letter of Credit	P1+
4.	Bank Guarantee	P1+

The Company is confident of leveraging its good rating to tie-up its loans for the expansion programme which are underway.

Appropriations

Dividend

Your directors have pleasure in recommending a dividend of Re. 0.70 (35 %) per equity share of Rs. 2/- each for the financial year ended March 31, 2008. The dividend will absorb a sum of Rs. 46.63 million inclusive of tax on dividend.

The register of members and share transfer books of the Company will remain closed from August 7, 2008 to August 14, 2008 (both days inclusive) for the purpose of determination of the members entitled for dividend. The annual general meeting of the Company has been convened to be held on August 14, 2008 at 3.00 PM at the Registered Office of the Company.

Bonus shares

Your directors have pleasure in proposing bonus shares in the ratio of 1:2 (i.e., 1 share for every 2 shares held). This will involve a sum of Rs. 56,937,500 being capitalised from the general reserves. The necessary approval of the shareholders is sought in the ensuing annual general meeting, the notice of which is being sent along with this report. The bonus shares will be credited to those shareholders whose name(s) appear in the register of members on the record date (to be fixed after obtaining the shareholders approval and other regulatory authorities as may be required).

The new bonus shares shall not be eligible for the 35% dividend that is to be declared at the ensuing annual general meeting. However, they would rank for dividend commencing from financial year 2008-09.

Transfer to reserves

In accordance with the provisions of the Companies Act, 1956 read with Companies (Transfer to Reserves) Rules, 1975, the directors propose to transfer a sum of Rs. 94.36 million to general reserve out of the profits earned by the Company. A sum of Rs. 1,928.43 million is proposed to be retained in the profit and loss account.

Sub-division of shares

The members of the Company, at the last annual general meeting held on August 14, 2007 approved the sub-division of equity shares of the Company from Rs. 10/- each to Rs. 2/- each fully paid-up. Accordingly the shares were sub-divided to Rs. 2/- each with effect from September 26, 2007. The objective behind sub-division of shares viz., increasing the shareholder value and improvement in holding status was achieved with the price of your Company's share increasing and the shareholder base expanding.

Directors

Your Directors wish to place on record that during the year under review your Chairman has been bestowed with Degree of Doctorate by two universities viz., Sri Venkateswara University, Tirupati and Jawaharlal Nehru Technological University, Hyderabad.

In accordance with the provisions of the Companies Act, 1956 and Article 105(a) of the Articles of Association of the Company, Mr. P. Lakshmana Rao, Mr. Nagarjun Valluripalli and Mr. Shu Qing Yang, retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Mr. Steven Gibbs resigned from the board with effect from August 14, 2007 and Mr. Shu Qing Yang was appointed as a director to fill the casual vacancy caused by the resignation of Mr. Steven Gibbs with effect from August 14, 2007.

Mr. Kejian Lu resigned from the board with effect from October 23, 2007. Mr. Raymond J Brown was appointed as a director to fill the casual vacancy arising out of the resignation of Mr. Kejian Lu with effect from October 23, 2007.

Ms. Jacqueline J Ertl, who was appointed as an additional director of the Company with effect from April 10, 2007, was appointed as a director with effect from August 14, 2007. Subsequently Ms. Jacqueline J Ertl resigned from the board with effect from January 22, 2008 and Ms. Manjula Chawla, alternate director to Ms. Jacqueline J Ertl also vacated her office consequent to the resignation of Ms. Jacqueline J Ertl. Mr. Frank E Kraick was appointed as a director to fill the casual vacancy caused by the resignation of Ms. Jacqueline J Ertl with effect from January 22, 2008.

Mr. Rohit Kochhar was appointed as an alternate director to Mr. Shu Qing Yang with effect from January 22, 2008.

The board wishes to place on record their appreciation and acknowledgement for the valuable services rendered by the outgoing directors during their tenure with the Company.

Directors' responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the directors confirm that, to the best of their knowledge and belief:

- in the preparation of the profit and loss account for the financial year ended March 31, 2008 and the balance sheet as at that date ("financial statements"), applicable accounting standards have been followed;

- appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;

- 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. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function;

- the financial statements have been prepared on a going concern basis.

Auditors

M/s. E. Phalguna Kumar & Co, Chartered Accountants, Tirupati and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, the joint auditors of the Company retire at the conclusion of the forthcoming annual general meeting and are eligible for re-appointment.

The audit committee of the board has recommended the re-appointment of M/s. E.Phalguna Kumar & Co, Chartered Accountants, Tirupati and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, and necessary resolution to re-appoint them is being placed before the shareholders for their approval at the ensuing annual general meeting.

Cost auditor

The Company received the approval of the Central Government for appointment of M/s. Parankusam & Co., Hyderabad, as cost auditors of the Company to conduct the cost audit for the financial year 2007–08.

Corporate governance

Pursuant to clause 49 of the listing agreement with the stock exchanges, a management discussion and analysis report, corporate governance report and auditors' certificate regarding compliance of conditions of corporate governance are made a part of the annual report.

CEO and CFO Certification

Mr. Jayadev Galla, Managing Director and Mr. K. Suresh, Financial Controller, have given a certificate to the board as contemplated in sub–clause V of clause 49 of the listing agreement.

Transfer to the Investor Education and Protection Fund

In terms of Section 205C of the Companies Act, 1956, the unclaimed dividend relating to the financial year 2000-01 is due for remittance on August 30, 2008 to the Investor Education and Protection Fund established by the Central Government.

Deposits

Your Company has not accepted any deposits from the public during the year under review and hence there are no outstanding deposits as on March 31, 2008.

Health, safety and environmental protection

Your Company has complied with all the applicable environmental laws and labour laws. The Company continues to be certified under ISO–14001 for its environment management system. The Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximise worker protection and safety.

Particulars of employees

Industrial relations in the Company were very cordial and stable.

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended regarding employees, is given in the annexure to the directors' report. However, in terms of the provisions of section 219(1) (b) (iv) of the Companies Act, 1956, the directors' report is being sent to all the members of the Company, excluding the aforesaid information. The said information would be filed with the Registrar of Companies and also would be available for inspection by the members at the corporate operations office of the Company. Any member interested in obtaining such particulars may also write to the Company Secretary at the corporate operations office of the Company.

Conservation of energy, technology and foreign exchange

The particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto and forms part of this report.

Acknowledgement

Your directors thank all the customers, suppliers, financial institutions, banks and shareholders for their continued support and also recognise the contribution made by the employees to the Company's progress during the year under review.

On behalf of the board

Place: Monterrey, Mexico
Date: June 24, 2008

Dr. Ramachandra N Galla
Chairman

Annexure to Directors' Report

Particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the director's report for the year ended March 31, 2008

A. Conservation of Energy

The Company continues its ongoing efforts on energy conservation through upgradation of process technology, effective production scheduling and installation of efficient equipment, resulting in energy savings.

Form A

Form for disclosure of particulars with respect to conservation of energy.

	2007-08	2006-07
A. Power and Fuel consumption		
1. Electricity		
(a) Purchased		
Unit (Kwh)	67171204	49997502
Total Amount (Rs.)	205791636	146013849
Rate / Unit (Rs.)	3.06	2.92
(b) Own generation		
(i) Through diesel generator		
Unit (Kwh)	74937	82995
Unit per litre of diesel	2.20	2.28
Cost/Unit (Rs.)	14.89	14.37
(ii) Through steam turbine/generator	–	–
2. Coal	–	–
3. Furnace oil	–	–
4. Others		
(a) LPG		
Units (Kgs)	220405	198118
Amount (Rs.)	9339650	7242519
(b) Acetylene - Commercial units (Cubic Mtrs)	19584	20283
Amount (Rs.)	2799689	2677393
(c) Oxygen Units (Cubic Mtrs)	39456	35626
Amount (Rs.)	760019	644960
B. Electricity consumed in Kwh per lakh of Ampere hour produced	4172	3757

B. Technology Absorption

Research and Development

1. **Specific areas in which R&D is carried out by the Company:**

- Bench Marking of competitor batteries.
- Conservation of raw materials/energy.
- Development of new products to suit diverse and demanding applications.
- Exploration of environmental friendly operations/ materials.
- Material development activity for enhanced battery performance.
- Quality improvements to reduce field failures.
- Technology up-gradation to make the batteries robust and high end performer.
- Sharing of information through journals.
- Development of import substitutions.
- Studies on alternate technologies.

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

- Design & development of high performance batteries for two wheelers.
- Design & development of small VRLA batteries for emergency lamps & small UPS's.
- Launched products under 3 tier branding i.e. AMARON-PRO, HI-LIFE & GO with 42 variants so as to meet the market needs.
- Developed & commercialised new sub-brand variants for after market.
- Designed & developed new inverter batteries specifically to meet the power needs of the Indian market.
- Designed & developed a new and advanced range of FAT VRLA batteries for telecom cellular application.
- Productionised several environment friendly materials/processes to make the work environment friendly.
- Studied and systemised re-use of plastics across wider product range.
- Achieved higher productivity of industrial batteries by developing special additives for paste.
- Developed state of the art manufacturing facilities for heat sealing, post burning and leak testing.

3. **Future plan of action:**

- Development of flooded batteries for motor cycle application.
- Start supplies of motor cycle batteries to new OEMs.
- Development of a suitable variant for NANO and other equivalent small car segments.
- Expansion of DIN range batteries for automotive battery application.
- Development of batteries for various applications for Indian Railways.
- New modular UPS & cellular application to make the installation process faster and simple.
- Development of suitable batteries for export requirement.
- Develop technologies for motive power & other industrial applications.
- Study the relevant alternate energy storage technologies, thereby establish new business opportunities.

4. **Expenditure on R&D**

(Rupees millions)

S. No.	Particulars	2007-08	2006-07
1.	Capital	4.648	0.194
2.	Recurring	8.664	8.146
	Total	13.312	8.340
	Total R&D expenditure as percentage of total turnover	0.10%	0.11%

Technology absorption, adaptation and innovation

1. **Efforts in brief, made towards technology absorption, adaptation and innovation**

- Innovative battery designs suiting different market and customer segments.
- State of art equipments for motor cycle & small VRLA assembly & finishing lines.
- Introduction of new additives for industrial battery paste application.

2. **Benefits derived as a result of the above efforts:**

- Cost reduction.
- Environmental protection.
- Material usage reduction and energy conservation.
- Enhanced performance and reliability of the product.
- Enhanced market share.
- Penetration into newer markets.
- Foreign Exchange earnings.

Information regarding Imported Technology

a) Technology imported	The Company has imported technology for the manufacture of Automotive (SLI) batteries from Johnson Controls Inc. USA
b) Year of import	1998
c) Has the technology been fully absorbed?	Yes. Further, latest developments in the technology are absorbed and implemented from time to time with the help of Johnson Controls Inc., USA when and where required.
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action	Not applicable

C. Total Foreign Exchange used and earned

(Rupees millions)

S. No.	Particulars	2007-08	2006-07
1.	Foreign Exchange used	3,820.12	2,343.70
2.	Foreign Exchange earned – Sales	402.94	287.36

On behalf of the board

Place: Monterrey, Mexico
Date: June 24, 2008

Dr. Ramachandra N Galla
Chairman

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Corporate Governance is the mechanism by which the values, principles, policies and procedures of companies are manifested. Effective Corporate Governance is indispensable to resilient and vibrant capital markets and investor protection rests on this foundation. The core value of corporate governance lies in the principles of integrity, fairness, quality, transparency and accountability. The response of the Government and regulators has been commendably swift to the challenges of corporate delinquency.

The Company's philosophy on corporate governance is to provide transparent disclosure in all its dealings with all stakeholders, viz., customers, suppliers, lenders, employees etc. and to provide an environment friendly atmosphere. Amara Raja aims at enhancing the value of all its stakeholders and strives hard to achieve the same.

Board of Directors

Composition

The Company has a non-executive chairman and the number of independent directors are 3 (three) representing 33.33% of the total number of directors i.e. more than one-third of the total number of directors. The number of the total non-executive directors are 8 (eight) i.e. 88.89% which is more than 50% of the total number of directors. Hence the board of the Company has an optimum combination of executive and non-executive directors in conformity with the provisions of clause 49 of the listing agreement.

None of the members of the board is holding membership in more than 10 committees or chairmanship in more than 5 committees as specified in clause 49 of the listing agreement.

(a) The composition and category of the board of directors as at March 31, 2008 and the number of other directorships/ committee memberships held by them are as under:

S. No.	Name of the director	Category	No. of other directorships*	No. of other committee memberships	No. of board meetings during the year		Whether attended last AGM held on Aug 14, 2007
					Held	Attended	
1.	Dr. Ramachandra N Galla	Promoter/Non-Executive Chairman	1	Nil	6	6	Yes
2.	Mr. Jayadev Galla	Promoter/Managing Director	Nil	Nil	6	6	Yes
3.	Dr. G. Ramadevi	Promoter/Non-Executive Director	Nil	Nil	5@	Nil	No
4.	Mr. Frank E Kraick	Non-Executive Director	Nil	Nil	1@	1	N.A.
5.	Mr. Raymond J Brown	Non-Executive Director	Nil	Nil	2@	2	N.A.
6.	Mr. Shu Qing Yang	Non-Executive Director	Nil	Nil	3@	1	No
7.	Mr. P Lakshmana Rao	Independent Director	Nil	Nil	6	5	Yes
8.	Mr. Ravi Bhamidipati	Independent Director	Nil	Nil	6	5**	No
9.	Mr. Nagarjun Valluripalli	Independent Director	Nil	Nil	6	5	Yes
10.	Mr. Rohit Kochhar	Alternate director to Mr. Shu Qing Yang	2	Nil	1@	1	N.A.

S. Nos. 4 to 6 are nominee directors of Johnson Controls Inc., (Persons acting in concert)

* Excludes Private Companies (not subsidiary or holding of a public Company), Foreign Companies and Section 25 Companies.

** Includes a meeting participated through teleconference.

@ No. of board meetings held during the financial year 2007-08 from the date of appointment.

Changes in the composition of the board during the year 2007 – 08

S. No.	Name of the director	Date of appointment	Date of cessation
1.	Mr. Jerome D Okarma	–	April 10, 2007
2.	Ms. Jacqueline J Ertl	April 10, 2007	January 22, 2008
3.	Mrs. Amara Kumari Galla	–	June 22, 2007
4.	Dr. G. Ramadevi*	June 22, 2007	–
5.	Mr. Steven Gibbs	–	August 14, 2007
6.	Mr. Shu Qing Yang**	August 14, 2007	–
7.	Mr. Kejian Lu	–	October 23, 2007
8.	Mr. Raymond J Brown***	October 23, 2007	–
9.	Mr. Frank E Kraick****	January 22, 2008	–
10.	Ms. Manjula Chawla*****	–	January 22, 2008
11.	Mr. Rohit Kochhar ******	January 22, 2008	–

* Dr. G. Ramadevi was appointed as a director to fill the casual vacancy caused by the resignation of Mrs. Amara Kumari Galla.

** Mr. Shu Qing Yang was appointed as a director to fill the casual vacancy caused by the resignation of Mr. Steven Gibbs with effect from August 14, 2007.

***Mr. Raymond J Brown was appointed as a director to fill the casual vacancy caused by the resignation of Mr. Kejian Lu with effect from October 23, 2007.

****Mr. Frank E Kraick was appointed as a director to fill the casual vacancy caused by the resignation of Ms. Jacqueline J Ertl with effect from January 22, 2008.

***** Ms. Manjula Chawla ceased to be an alternate director to Ms. Jacqueline J Ertl with effect from January 22, 2008.

****** Mr. Rohit Kochhar was appointed as an alternate director to Mr. Shu Qing Yang with effect from January 22, 2008.

(b) Details of directors seeking re-appointment

Mr. P Lakshmana Rao, Mr. Nagarjun Valluripalli and Mr. Shu Qing Yang, directors, retire by rotation at this annual general meeting and are seeking re-appointment.

(c) Details of board meetings held during the financial year

The board of directors met 6 (six) times during the financial year 2007–08 and the gap between any two consecutive meetings has not exceeded four months. The dates on which the meetings of the board were held during the year are as follows.

S. No.	Date	Day	Venue
1.	April 10, 2007	Tuesday	Registered Office, Tirupati
2.	June 22, 2007	Friday	Corporate Operations Office, Chennai
3.	July 27, 2007	Friday	Milwaukee, USA
4.	August 14, 2007	Tuesday	Registered Office, Tirupati
5.	October 23, 2007	Tuesday	Seoul, South Korea
6.	January 22, 2008	Tuesday	Corporate Operations Office, Chennai

All necessary information which is required to be placed before the board as stipulated in Annexure 1A to clause 49 of the listing agreement has been placed before the board for its review and consideration.

Board Committees

Presently the board has four committees viz. audit committee, shareholder/investor grievance committee, remuneration committee and share transfer committee.

It is the responsibility of the board to constitute, nominate members, assign the duties and responsibilities for each committee etc. The committees normally meet at least four times a year except remuneration committee and share transfer committee which meet as and when the need arises.

The quorum fixed for the meeting of each committee is either two or one-third of the total number of the members, whichever is higher.

The company secretary acts as secretary to all the committees.

Audit Committee

Overall purpose/objective

The purpose of the audit committee (the "committee") is to assist the board of directors (the "board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls which management and the board have established, appointing, retaining and reviewing the performance of statutory auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

Terms of reference

The Company has an audit committee as envisaged in the listing agreement. The terms of reference of the audit committee broadly are as under:

a) To hold periodic discussions with the statutory auditors and internal auditors of the Company concerning the financial reports of the Company, internal control systems, scope of audit and observations of the auditors/internal auditors;

b) Discussion with internal auditors on significant audit findings and follow up thereon;

c) To review compliance with internal control systems;

d) To review the quarterly, half-yearly and annual financial results of the Company before submission to the board;

e) To make recommendations to the board on any matter relating to the financial management of the Company, including the audit report;

f) Recommending the appointment/reappointment of statutory auditors and fixation of their remuneration;

g) To review the annual plan and budget before submission to the board.

The scope of the audit committee includes amongst other matters which are set out in clause 49 of the listing agreement with the stock exchanges as amended from time to time read with Section 292A of the Companies Act, 1956.

Composition & Meetings

The audit committee of the Company is constituted in line with the provisions of clause 49 of the listing agreement read with Section 292A of the Companies Act, 1956. During the financial year Mr. Ravi Bhamidipati was designated as the vice-chairman of the committee with effect from June 22, 2007. Ms. Manjula Chawla ceased to be the member of the committee consequent upon her vacation of office as an alternate director to Ms. Jacqueline J Ertl with effect from January 22, 2008. Mr. Rohit Kochhar who was appointed as an alternate director to Mr. Shu Qing Yang with effect from January 22, 2008 was inducted as a member of the audit committee with effect from that date. All the members have good financial knowledge and the Chairman of the audit committee is a qualified finance professional.

Audit Committee meetings are attended by the financial controller and company secretary. The statutory auditors, internal auditor and cost auditor are also invited to attend the meetings. The company secretary acts as the secretary to the committee.

Five audit committee meetings were held during the financial year 2007–08. These meetings were held on April 10, 2007, June 21, 2007, July 26, 2007, October 23, 2007 and January 22, 2008. The composition of the audit committee and the attendance of each Member at these meetings are given below:

S. No.	Name	Chairman/ Member	No. of meetings attended
1.	Mr. P.Lakshmana Rao	Chairman	3
2.	Mr. Ravi Bhamidipati	Vice Chairman	4
3.	Mr. Nagarjun Valluripalli	Member	4
4.	Ms. Manjula Chawla*	Member	2
5.	Mr. Rohit Kochhar	Member	N.A.

* Ceased to be a member with effect from January 22, 2008

Shareholders' / Investors' Grievance Committee

Terms of reference

A shareholders'/investors' grievance committee of board of directors was constituted to specifically look after the redressal of complaints of investors' viz. transfer/transmission of shares, non-receipt of dividend and annual report.

Composition & Meetings

During the year ended March 31, 2008, the committee met 3 times on June 22, 2007, October 23, 2007 and January 22 2008 to review the complaints received from the shareholders and the redressal made by the Company.

The chairman of the committee is a non-executive independent director.

The composition of the shareholders'/investors' grievance committee and the attendance of each member at these meetings are given below:

S. No.	Name	Chairman/ Member	No. of meetings held & attended
1.	Mr. P. Lakshmana Rao	Chairman	3
2.	Dr. Ramachandra N Galla	Member	3
3.	Mr. Jayadev Galla	Member	3

The shareholders' / investors' grievance committee has prescribed norms for attending to the requests of shareholders and these norms have been complied with.

The company secretary who is also the compliance officer of the Company acts as secretary to the committee.

Sub-division and allotment of shares committee

Consequent to the approval of the members at the last annual general meeting for sub-dividing the equity shares from Rs. 10/- each to Rs. 2/- each, the board constituted a committee called sub-division and allotment of shares committee to specifically look into the formalities for the said sub-division.

The composition of the sub-division and allotment of shares committee and the attendance of each member at these meetings are given below.

S. No.	Name	Chairman/ Member	No. of meetings held & attended
1.	Dr. Ramachandra N Galla	Chairman	2
2.	Mr. Jayadev Galla	Member	2

The committee met on August 20, 2007 and September 26, 2007 and completed all the formalities viz., fixing the record date, obtaining new ISIN, approval from the stock exchanges for dealing in the new shares and allotment of shares.

After completing all the requirements the committee decided that henceforth all complaints relating to sub-division of shares from the shareholders would be taken care of by the shareholders'/investors' grievance committee.

Remuneration Committee

Objective

The committee reviews and determines the Company's policy on managerial remuneration and recommends to the board on the specific remuneration of executive/ managing directors, so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance and their remuneration is in line with industry standards.

Terms of Reference

The broad terms of reference to the remuneration committee are to recommend the salary, perquisites and commission / incentives to be paid to the Company's Managing Director (MD)/ Executive Director (ED), to finalise the perquisites package within the overall ceiling fixed by the board, to recommend to the board retirement and other benefits to MD.

Composition & Meetings

The committee at present comprises of the following members. All the members of the committee are non-executive and independent directors.

S. No.	Name	Chairman/ Member
1.	Mr. P. Lakshmana Rao	Chairman
2.	Mr. Ravi Bhamidipati	Member
3.	Mr. Nagarjun Valluripalli	Member

As there was no revision in the remuneration to the MD/ED the committee did not meet during FY 07-08.

Commission to non-whole time directors

The Company received the approval of Ministry of Corporate Affairs (MCA) under section 309 (4) of the Companies Act, 1956 for payment of commission to non executive directors @ 4% of the net profits of the Company. This includes 3% commission on net profit payable to Dr. Ramachandra N Galla. The payment to all other non-executive directors @ 1% of the net profits of the Company will be approved by the board on an yearly basis and the distribution to the respective directors will also be decided by the board. The approval accorded by MCA is valid till August 31, 2010.

In terms of the above approval, during the year 2007-08, commission @3% amounting to Rs. 23.22 million was paid to Dr. Ramachandra N.Galla, Non-Executive Chairman.

Stock Options

The Company currently does not have stock options scheme.

Managerial Remuneration

Details of the remuneration of non-executive directors and executive directors for the year ended March 31, 2008 are as follows:

Non-Executive Directors

The non-executive directors are paid remuneration by way of sitting fees for attending the board and committee meetings. The foreign directors (representing M/s. Johnson Controls Inc, USA) are not paid any sitting fees for attending the board meetings. The Company pays sitting fees only for the board meetings and audit committee meetings.

The board of directors at its meeting held on April 10, 2008 has resolved that the non-executive directors of Galla family and Johnson Controls Inc., (including their alternate directors) agree for waiver of sitting fees for the board and committee meetings and further the sitting fees payable to other non executive directors be increased from the present Rs. 2000 to Rs. 10000 for board meetings and Rs.5000 for the other committee meetings viz., audit committee, shareholders'/investors' grievance committee and remuneration committee.

As explained herein above the non-executive directors will be paid commission not exceeding 4% of the net profits of the Company (including 3% to Dr. Ramachandra N Galla, Non-Executive Chairman).

Sitting fees paid to Non-Executive Directors during 2007-08:

S. No.	Name	Sitting fees paid (Rupees)
1.	Dr. Ramachandran N Galla	12000
2.	Mr. P. Lakshmana Rao	16000
3.	Mr. Ravi Bhamidipati	16000
4.	Mr. Nagarjun Valluripalli	18000

Executive Director(s)

(Rupees millions)

Name	Salary	Contribution to provident fund	Value of perquisites	Commission
Mr. Jayadev Galla	2.40	0.01	2.10	74.66

The Company has service contract with Mr. Jayadev Galla for a period of 5 years with effect from September 1, 2005. The notice period is three months and no severance compensation is payable.

General Body Meetings

The venue, day, date and time, the last three annual general meetings held are given below:

S. No.	For the year ended 31st March	Venue	Day and date	Time
1.	2005	Registered office of the Company	Saturday, August 13, 2005	3.00 P.M.
2.	2006	Registered office of the Company	Monday, August 14, 2006	3.00 P.M.
3.	2007	Registered office of the Company	Tuesday, August 14, 2007	2.30 P.M.

Details of special resolutions passed during the last three annual general meetings

S. No.	Date of AGM	Whether any special resolution was passed	Particulars
1.	August 13, 2005	YES	De-listing of shares from The Hyderabad Stock Exchange Limited.
2.	August 14, 2006	YES	Payment of commission to non executive directors of the Company.
3.	August 14, 2007	YES	Alteration of clause 5 of the articles of association of the Company.

Postal Ballot

The Company has not passed any resolution through postal ballot during the financial year 2007-08.

There is no resolution proposed to be passed by means of postal ballot in this annual general meeting.

Disclosures

There were no materially significant related party transactions, with directors/ promoters/ management which had potential conflict with the interests of the Company at large.

Transactions with the related parties are disclosed in note no. 21 of schedule 14 to the accounts in the annual report.

The Company has obtained approval of the Regional Director, Southern Region, Ministry of Corporate Affairs (MCA) for the inter-company transactions entered into between the Company and the Companies in which Dr. Ramachandra N Galla, Mr. Jayadev Galla and Dr. G. Ramadevi are directors. The Company also places before the board at every meeting the said transactions for its approval/ratification.

The Company made voluntary compounding applications with the Regional Director, Ministry of Corporate Affairs for certain transactions entered into with Mangal Precision Products Private Limited, a Company promoted by the Galla Family. The Regional Director has compounded the transactions and passed necessary orders.

During the preceding three financial years there were no penalties, strictures imposed on the Company by stock exchanges or SEBI or any other statutory authority, on any matter related to capital market.

Code of Conduct

As required by clause 49 of the listing agreement, the Company has prescribed a code of conduct for all the board members and the senior management of the Company and the code of conduct has been posted on the website of the Company. All board members and the senior management team are required to give a declaration with regard to the affirmation to the code of conduct, to the managing director. A declaration to this effect signed by the managing director forms part of this report.

Risk Management

The Company has laid down procedures to inform board members about the risk assessment and minimisation procedures. The board periodically discusses the significant business risks identified by the management and the mitigation process being taken up.

A broad framework for minimising the risks faced by the Company by adopting a risk management policy for commodity and currency has been formed by the Company. The board has also constituted a committee named 'Exchange Risk Management Committee' (ERMC) for managing the exchange rate risk.

Another committee named as Commodity Risk Management Committee (CRMC) has been set up for managing the commodity risk faced by the Company.

Both the committees report to the Managing Director on a periodical basis who in turn reports to the board of directors for their recommendations/suggestions.

Compliance with Corporate Governance Norms

The Company has complied with all the mandatory requirements of corporate governance norms as stipulated in clause 49 of the listing agreement with the stock exchanges.

As regards the non-mandatory requirements, the following were adopted:

1. The Company has set up a remuneration committee. The details of such committee have been enumerated earlier in this report.
2. Other non mandatory requirements have not been adopted by the Company so far.

Means of Communication

The quarterly/half yearly unaudited financial results and the annual audited financial results are published in leading newspapers in India which include Business Standard in English and Andhra Jyothi, Eenadu and Varthaa in Telugu. The notices to shareholders viz. book closure, dividend declaration, issue of duplicate share certificate etc. are normally published in The Hindu (English) and Andhra Jyothi (Telugu). The financial results and press releases are posted on Company's website www.amararaja.co.in.

As per clause 51 of the listing agreement financial results and quarterly share holding pattern are filed on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC).

Management Discussion and Analysis Report

The management discussion and analysis report forms part of the Company's annual report.

General Shareholder Information

A separate section has been included in the annual report furnishing various details viz. AGM date, time and venue, share price movement, distribution of shareholding etc.

On behalf of the board

Place: Monterrey, Mexico
Date: June 24, 2008

Dr. Ramachandra N. Galla
Chairman

Compliance Certificate on Corporate Governance

To
The Members of
Amara Raja Batteries Limited

We have examined the compliance of conditions of corporate governance by Amara Raja Batteries Limited, for the year ended March 31, 2008, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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.

We state that no investor grievance was pending for a period exceeding one month against the Company as per the records maintained by the Company.

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.

For E. Phalguna Kumar & Co.
Chartered Accountants

E. Phalguna Kumar
Partner
(ICAI Memb. No. 20278)

For Chevuturi Associates
Chartered Accountants

S.Gopala Krishna Murthy
Proprietor
(ICAI Memb. No. 29248)

Date: Tirupati
Place: June 25, 2008

CEO and CFO Certification

The Board of Directors
Amara Raja Batteries Limited
Renigunta – Cuddapah Road,
Karakambadi, Tirupati – 517 520

Dear Sirs,

Sub: CEO and CFO Certification

We, Jayadev Galla, Managing Director and K. Suresh, Financial Controller, of Amara Raja Batteries Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account for the year ended March 31, 2008 and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report present, in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
   a. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   b. evaluated the effectiveness of the Company's disclosure, controls and procedures;
   c. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's board of directors (and persons performing the equivalent functions):
   a. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
   b. significant changes in internal controls during the year covered by this report;
   c. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
   d. instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal control system.

Place: Monterrey, Mexico
Date: June 24, 2008

Jayadev Galla
Managing Director

K. Suresh
Financial Controller

Declaration on Code of Conduct

This is to confirm that the board has laid down a code of conduct for all board members and senior management of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2008 as envisaged in clause 49 of the listing agreement with the stock exchange(s).

Place: Monterrey, Mexico
Date: June 24, 2008

Jayadev Galla
Managing Director

General Shareholder Information

1. Annual General Meeting	
■ Date and Time	August 14, 2008 at 3.00 PM.
■ Venue	At the Registered Office of the Company: Renigunta – Cuddapah Road, Karakambadi – 517 520, Tirupati, Andhra Pradesh.
2. Financial year	1st April to 31st March
3. Financial Calendar	
■ Financial reporting for the quarter ending June 30, 2008	July 2008
■ Financial reporting for the quarter ending September 30, 2008	October 2008
■ Financial reporting for the quarter ending December 31, 2008	January 2009
■ Financial Results for the year ending March 31, 2009	May / June 2009
■ Annual General Meeting	July / August 2009
■ Dividend payment, if declared	Within 30 days from the date of Annual General Meeting.
4. Dates of Book closure	August 7, 2008 to August 14, 2008 (both days inclusive).
5. Dividend Payment Date	Dividend warrants shall be posted on or after August 14, 2008 and credit through ECS also shall be processed simultaneously.
6. E-Mail ID for Investor Grievances	investorservices@amararaja.co.in
7. Listing on stock exchanges	Equity shares: ■ National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051 ■ Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
8. Listing fees	Paid to the above Stock Exchanges for the financial year 2008-09.
9. Stock Code	
Name of the stock exchange/depository	Code/ISIN
National Stock Exchange of India Ltd. (NSE)	AMARAJABAT
Bombay Stock Exchange Ltd (BSE)	500008
NSDL & CDSL	INE885A01024

10. Stock Price Data

Period	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (in Nos.)	High (Rs.)	Low (Rs.)	Volume (in Nos.)
April 2007	396.50	324.00	80537	404.00	322.50	146008
May 2007	424.85	371.00	132111	422.00	371.15	212077
June 2007	528.25	380.00	461133	526.05	381.10	557840
July 2007	630.00	516.00	397480	630.00	519.05	520627
August 2007	618.90	545.05	186260	619.00	543.00	248929
September 2007*	727.00	134.10	627892	754.40	135.00	1203384
October 2007	178.00	130.00	1981511	179.00	131.10	3033743
November 2007	197.90	150.00	799945	197.00	142.05	1495987
December 2007	219.25	174.00	1478174	219.50	174.50	1974391
January 2008	258.50	153.00	1528702	258.50	144.00	2471398
February 2008	274.90	192.00	544975	268.50	191.00	682503
March 2008	215.00	162.05	384186	214.95	165.05	1516728

* The face value of the equity shares of the Company has been sub-divided into Rs. 2/- each with effect from September 26, 2007.

11. Monthly Closing Share Price and Closing BSE Sensex

Period	Closing share price	Closing Sensex
Apr'07	369.00	13,872.37
May'07	395.30	14,544.46
June'07	527.45	14,650.51
July'07	599.35	15,550.99
Aug'07	594.75	15,318.60
Sep'07*	135.35	17,291.10
Oct'07	158.75	19,837.99
Nov'07	172.35	19,363.19
Dec'07	202.10	20,286.99
Jan'08	226.50	17,648.71
Feb'08	216.30	17,578.72
Mar'08	193.10	15,644.44

* The face value of the equity shares of the Company have been sub-divided into Rs. 2/- each with effect from September 26, 2007.

12. Registrar and Share Transfer Agents

Cameo Corporate Services Limited
Subramanian Building, No.1, Club House Road,
Chennai – 600 002.
Tel: +91 44 28460390
Fax: +91 44 28460129
E-Mail: cameo@cameoindia.com

13. Share Transfer System

A committee of directors called as Share Transfer Committee approves share transfers. The Committee comprises the Chairman and Managing Director as members.

Details of shares transferred in physical form

Time Taken	2007-08		2006-07	
	No. of requests received & processed	No. of shares	No. of requests received & processed	No. of shares
1-10 days	3	300	4	400
11-20 days	69	54700	91	11200
21-30 days	2	200	5	500
Total	**74**	**55200**	**100**	**12100**

14. Investor Complaints received and redressed

Nature of Complaints	2007 – 08		2006 – 07	
	Received	Disposed	Received	Disposed
Non-receipt of shares sent for transfer, subdivision and dematerialisation.	14	14	7	7
Non-receipt of dividend warrants and annual report.	12	12	22	22

There was no investor complaint pending as on March 31, 2008.

15) Distribution of Shareholding as on March 31, 2008.

a) By Ownership

Category	No. of Folios	No. of shares	% of Shareholding
Promoters	11	14838735	26.06
Foreign Collaborators	1	14803750	26.00
Mutual Funds & UTI	24	6507281	11.43
Banks/Financial Institutions	6	6050	0.01
Foreign Institutional Investors/NRI's	236	5645497	9.92
Private Corporate Bodies	482	6032367	10.59
Indian Public	13117	8711486	15.30
Clearing Members:			
NSDL	43	14648	0.03
CDSL	11	1451	0.00
Trusts	3	375965	0.66
Total	**13934**	**56937500**	**100.00**

b) By number of shares held

No. of Equity shares held	No. of shareholders	%	No. of shares	%
Up to 100	6057	43.47	273833	0.48
101- 500	5332	38.27	2010587	3.53
501-1000	1253	8.99	1152392	2.02
1001-2000	515	3.70	816117	1.44
2001-3000	275	1.97	708316	1.24
3001-4000	73	0.52	266532	0.47
4001-5000	111	0.80	535176	0.94
5001-10000	128	0.92	960775	1.69
Above 10000	190	1.36	50213772	88.19
Total	**13934**	**100.00**	**56937500**	**100.00**
No. of Shareholders in:				
Physical Mode	1805	12.95	32948905	57.87
Electronic Mode				
■ NSDL	9745	69.94	22852950	40.14
■ CDSL	2384	17.11	1135645	1.99

Consequent to sub-division of shares the liquidity of the Company's shares has improved, resulting in increase in number of shareholders.

c) Details of Shares held by non-executive directors as on March 31, 2008

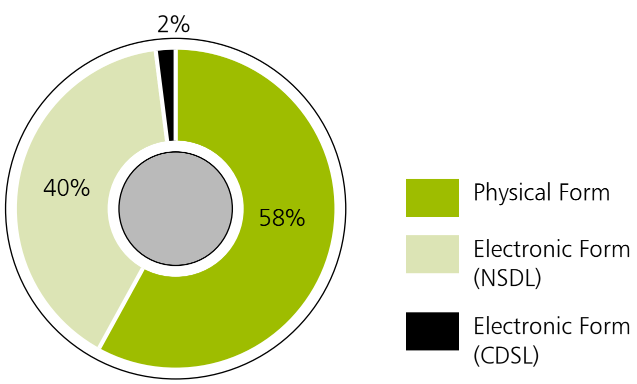
S. No.	Name of the Director	No. of shares held
1.	Dr. Ramachandra N Galla	4265025
2.	Dr. G. Ramadevi	2685300
3.	Mr. Nagarjun Valluripalli	1000

16. Dematerialisation of Shares and Liquidity

23988595 equity shares representing 42.13% of outstanding equity shares have been dematerialised as on March 31, 2008.

Out of the balance 57.87% of shares held in physical form, 52% is held by the promoters.

The trading of the equity shares on the stock exchanges shall be compulsorily in dematerialised form.



17. Outstanding GDR/ Warrants and Convertible Bonds

The Company has not issued any GDR/Warrants and convertible bonds.

18. Plant Location and Registered Office

Renigunta – Cuddapah Road, Karakambadi – 517 520
Tirupati, Andhra Pradesh, India
Tel: +91 877 2285561, Fax: +91 877 2285600
E-mail: amararaja@amararaja.co.in
Website: www.amararaja.co.in

19. Corporate Operations Office

5th Floor, Astra Towers, Hitech City,
Kondapur, Hyderabad – 500 038
Tel: +91 40 23683000, Fax: +91 40 23118219

20. Investor Contacts

Mr. N RamNathan,
Company Secretary & Compliance Officer,
5th Floor, Astra Towers, Hitech City, Kondapur,
Hyderabad – 500 038
Tel: +91 40 23683000, Fax: +91 40 23118219
e-mail: ram@amararaja.co.in

21. Other information for Shareholders

a) Dividend

Shareholders who have not presented their dividend warrants (for earlier periods) for encashment may approach the Company or its Registrar and Share Transfer agent M/s. Cameo Corporate Services Limited for issue of duplicate dividend warrant quoting the Folio Number/DP ID/Client ID as the case may be. Please note that as per Section 205A of the Companies Act 1956, dividend which remains unpaid/ unclaimed over a period of 7 years has to be transferred by the Company to the Investor Education & Protection Fund (IEPF) and no claim shall lie for such unclaimed dividends from IEPF by the members. Year wise details of the amount to be transferred to IEPF and the tentative dates are given below:

Year	Dividend Type	Dividend percentage (%)	Due for transfer to the Investor Education and Protection Fund
2000-01	Final	35	30.08.2008
2001-02	Final	35	19.09.2009
2002-03	Final	15	05.09.2010
2003-04	Final	15	16.09.2011
2004-05	Final	20	18.09.2012
2005-06	Final	25	19.09.2013
2006-07	Final	35	19.09.2014

b) ECS

The shareholders are advised to avail "Electronic Clearing Service" (ECS) available in all RBI centers for receiving the dividend by direct electronic credit to the bank account. ECS provides protection against fraudulent interception and encashment of dividend warrants or damage to dividend warrants in transit or problem of revalidation/issuance of duplicate dividend warrants and there is no extra cost. Option of availing this facility may be informed to Cameo Corporate Services Limited in respect of the shares held in physical form and to the respective Depository Participant (DP) in respect of shares held in electronic form.

c) Nomination facility

Section 109A of the Companies Act, 1956 provides inter alia, the facility of nomination to shareholders. This facility is mainly useful for all holders holding shares in single name. In case where the shares are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail of this facility, especially investors holding shares in single name, to avoid the process of transmission by law.

d) Benefits of dematerialisation

57.87% of the shares are still in physical form. Those shareholders who are still holding shares in physical form are advised to convert their holdings into demat form; since the Company's equity shares are available for trading only in demat mode. For more information and clarification in this regard, the shareholders may contact the Company or its Registrar and Share Transfer Agent.

e) Sub-Division of shares

The members are aware that the face value of the equity shares of the Company were subdivided into Rs. 2/- each. In this regard the Company has sent communications to the shareholders holding shares in physical form, requesting them to surrender the old share certificates and obtain the new share certificates with face value of Rs. 2/- each. It may be noted that the share certificates carrying the face value of Rs. 10/- each have no validity after September 26, 2007 (the record date fixed for the purpose of sub-division).

It may please be noted that the Company has also sent a reminder to all the shareholders who have not exchanged their Rs.10/- share certificate for the Rs.2/- share certificate. Shareholders who have not exchanged their Rs.10/- share certificate are requested to send their share certificate and obtain the share certificates with face value of Rs. 2/- each. The share certificates may be sent to the Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Limited who will send the new share certificate with face value of Rs. 2/-.

List of Promoters of the Company belonging to the Promoters and Persons acting in concert pursuant to Regulation 3(e) (i) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Sl. No.	Name
1.	Dr. Ramachandra N Galla
2.	Mrs. Amara Kumari Galla
3.	Mr. Jayadev Galla
4.	Mrs. G. Padmavathi
5.	Dr. G. Ramadevi
6.	Mangal Precision Products Private Limited
7.	Dr. Prasad V. Gourineni
8.	Harshavardhana
9.	Vikramaditya
10.	Master Ashok Galla
11.	Master Siddharth Galla
12.	Johnson Controls Mauritius Private Limited (Person acting in concert)

Auditor's Report

To
The Members of
Amara Raja Batteries Limited

We have audited the attached Balance Sheet of **Amara Raja Batteries Limited** as at March 31, 2008, its Profit and Loss Account for the year ended on that date and its Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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.

Further to our comments in the Annexure referred to above, we report that:

1. 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;
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section(3C) of Section 211 of the Companies Act, 1956;
5. On the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of subsection (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the statement of Accounting Policies and Notes forming part of the 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 March 31, 2008;
   b) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date; and
   c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **E. Phalguna Kumar & Co.,**
Chartered Accountants

E. Phalguna Kumar
Partner
ICAI Memb. No: 20278

For **Chevuturi Associates**
Chartered Accountants

S. Gopala Krishna Murthy
Proprietor
ICAI Memb. No: 29248

Place : Tirupati
Date : June 25, 2008

Annexure to the Auditor's Report

The Annexure referred to in the auditor's report to the members of Amara Raja Batteries Limited for the year ended March 31, 2008. We report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) According to the information and explanations furnished to us, the Company has physically verified part of its fixed assets during the year. However, the Company has adopted a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.

   c) According to the information and explanations furnished to us, the Company has not disposed of a substantial part of its fixed assets during the year.

2. a) According to the information and explanations furnished to us, the company has physically verified its inventories during the year. In our opinion, the frequency of verification is reasonable.

   b) In our opinion, 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) According to the information furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

3. a) According to the information and explanations furnished to us, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties whose particulars are recorded in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(b), 4(iii)(c) and 4(iii)(d) of the order are not applicable.

   b) According to the information and explanations furnished to us, the Company has not taken any loans, secured or unsecured from Companies, firms or other parties whose particulars are recorded in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(f) and 4(iii)(g) of the order are not applicable.

4. 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 with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction.

5. a) Based on the information and explanations given to us, we are of the opinion that the transactions that are required to be entered in the register maintained under Section 301 of Companies Act,1956 have been so entered.

   b) In our opinion and according to the information and explanations given to us, the transactions which have been entered into, pursuant to contracts that have been entered in the register maintained under Section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non compliance with the provisions of Sections 58A and 58AA of the Companies Act, 1956.

7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of account and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.

9. a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.

   b) According to the information furnished to us, the following amounts of Sales Tax have been disputed by the Company, and hence were not remitted to the authorities concerned at the date of the Balance Sheet under report.

Name of the Statute	Nature of the dues	Amount Rs. in Millions	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	2.525	1996-97, 1997-98, 2001-02, 2002-03, and 2003-04	A.P. STAT, Hyderabad
Central Sales Tax Act, 1956	Central Sales Tax	2.842	2004-05	ADC, Kurnool
Central Sales Tax Act, 1956	Central Sales Tax	0.930	2004-05	Dy. Commissioner, Kolkata
Central Sales Tax Act, 1956	Central Sales Tax	0.363	2003-04	Dy. Commissioner, Kochi
Kerala General Sales Tax Act, 1963	Kerala Sales Tax	0.144	2003-04	Dy. Commissioner, Kochi
Central Sales Tax Act, 1956	Central Sales Tax	0.719	2004-05	Dy. Commissioner, Delhi
Delhi Sales Tax Act, 1975	Delhi Sales Tax	0.291	2004-05	Dy. Commissioner, Delhi
Central Sales Tax Act, 1956	Central Sales Tax	5.485	2004-05	J.C (Appeals), Ghaziabad
Central Sales Tax Act, 1956	Central Sales Tax	0.020	2002-03	Sales Tax Tribunal, Patna

10. According to the information and explanations furnished to us, the company has no accumulated losses at the end of the financial year and it has not incurred cash losses either during the financial year covered by our audit or in the immediately preceding financial year.

11. In our opinion and according to the information and explanations furnished to us by the company, there were no defaults in repayment of its dues to financial institutions and banks at the date of the Balance Sheet. The company has not issued any debentures.

12. According to the information and explanation given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to the information and explanations furnished to us, the company is not a chit fund or a nidhi/mutual benefit fund/society and hence the requirements of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company during the year under report.

14. According to the information furnished to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.

16. According to the information and explanations given to us, the term loans obtained by the Company during the year were applied for the purpose for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short-term basis have not been used for long-term investment during the year under report.

18. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act, or to any others.

19. According to the information and explanations given to us, the company has not issued any debentures during the year under report.

20. The company has not raised any money through public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company during the year under report.

21. According to the information and explanations given to us, and based on the audit procedures generally adopted by us, we report that, during the year, no fraud on or by the company, has been noticed or reported that is either significant or could have caused a material misstatement in the financial statements.

For **E.Phalguna Kumar & Co.,**
Chartered Accountants

E. Phalguna Kumar
Partner
ICAI Memb. No: 20278

For **Chevuturi Associates**
Chartered Accountants

S. Gopala Krishna Murthy
Proprietor
ICAI Memb. No: 29248

Place : Tirupati
Date : June 25, 2008

Balance Sheet As at March 31, 2008

(Amount in Rupees)

Particulars	Schedule	As at 31.03.2008		As at 31.03.2007	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	113,875,000		113,875,000	
Reserves and Surplus	2	3,217,139,470		2,322,782,677	
			3,331,014,470		2,436,657,677
Loan Funds					
Secured Loans	3	2,266,545,502		1,074,874,049	
Unsecured Loans	4	896,075,058		332,209,831	
			3,162,620,560		1,407,083,880
Deferred Tax Liability	5		169,506,055		136,092,961
Total			**6,663,141,085**		**3,979,834,518**
APPLICATION OF FUNDS					
Fixed Assets	6				
Gross Block		3,105,843,108		2,577,786,073	
Less:Depreciation		1,217,334,633		1,009,481,492	
Net Block		1,888,508,475		1,568,304,581	
Capital Work-in-Progress		657,409,912		61,667,597	
			2,545,918,387		1,629,972,178
Investments	7		162,006,625		161,941,656
Current Assets, Loans & Advances					
Inventories	8	1,943,335,704		921,713,415	
Sundry Debtors	9	2,264,682,019		1,459,544,977	
Cash and Bank Balances	10	511,453,739		256,000,280	
Loans, Advances and Deposits	11	1,248,478,477		859,824,054	
Other Current Assets	12	8,011,086		3,110,568	
		5,975,961,025		3,500,193,294	
Less: Current Liabilities & Provisions	13				
Liabilities		1,027,373,819		735,304,583	
Provisions		993,371,133		576,968,027	
		2,020,744,952		1,312,272,610	
Net Current Assets			3,955,216,073		2,187,920,684
Total			**6,663,141,085**		**3,979,834,518**

Note: The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Balance Sheet - Refer Schedule 14

As per our report of even date attached
For **E. Phalguna Kumar & Co.**
Chartered Accountants

For and on behalf of the Board

E. Phalguna Kumar
Partner

Dr. Ramachandra N. Galla
Chairman

Jayadev Galla
Managing Director

for **Chevuturi Associates**
Chartered Accountants

S. Gopala Krishna Murthy
Proprietor

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Place : Tirupati
Date : June 25, 2008

Place : Monterrey, Mexico
Date : June 24, 2008

Profit and Loss Account For the year ended March 31, 2008

(Amount in Rupees)

Particulars	Schedule	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
Gross Sales		13,499,867,499	7,451,032,998
Less: Excise duty and Sales Tax		2,666,610,595	1,493,016,594
Net Sales		10,833,256,904	5,958,016,404
Other Income	15	256,100,643	97,738,804
Increase / (Decrease) in Stock	16	582,065,982	181,845,189
Total		**11,671,423,529**	**6,237,600,397**
EXPENDITURE			
Purchase of Finished Goods		6,378,625	1,190,212
Raw Material Consumed	17	7,794,794,675	3,937,812,454
Payments and Benefits to Employees	18	408,078,078	265,997,094
Manufacturing, Selling, Admin and Other Expenses	19	1,579,591,221	1,093,657,443
Duties and Taxes	20	49,438,561	26,007,989
Interest	21	129,308,874	30,924,293
Depreciation		244,452,070	170,026,464
Total		**10,212,042,104**	**5,525,615,949**
Profit Before Taxation		**1,459,381,425**	**711,984,448**
Less: Provision for Taxation - Current		480,000,000	217,500,000
- Deferred		33,413,094	16,080,646
- Earlier years		(3,756,190)	4,475,039
- Wealth Tax		93,010	94,188
- Fringe Benefit Tax		6,000,000	3,400,000
Profit After Taxation		**943,631,511**	**470,434,575**
Profit brought forward from previous year		1,125,792,991	749,031,694
Profit available for appropriation		**2,069,424,502**	**1,219,466,269**
Less: Appropriation			
Transfer to General Reserve		94,363,151	47,043,458
Proposed Dividend		39,856,250	39,856,250
Dividend Tax		6,773,570	6,773,570
Balance Carried to Balance Sheet		**1,928,431,531**	**1,125,792,991**
Earnings Per Equity Share of Rs. 2/- Each (Basic and Diluted)		16.57	8.26
No. of Equity Shares 56,937,500 w.e.f September 26, 2007 (Previous Year 11,387,500).			

Note: The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Profit & Loss Account - Refer Schedule 14

As per our report of even date attached
For **E. Phalguna Kumar & Co.**
Chartered Accountants

For and on behalf of the Board

E. Phalguna Kumar
Partner

Dr. Ramachandra N. Galla
Chairman

Jayadev Galla
Managing Director

for **Chevuturi Associates**
Chartered Accountants

S. Gopala Krishna Murthy
Proprietor

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Place : Tirupati
Date : June 25, 2008

Place : Monterrey, Mexico
Date : June 24, 2008

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2008		As at 31.03.2007	
1 SHARE CAPITAL				
Authorised				
75,000,000 Equity Shares of Rs. 2/- each (Previous Year: 15,000,000 Equity Shares of Rs.10/- each)		150,000,000		150,000,000
Issued				
59,045,500 Equity Shares of Rs. 2/- each (Previous Year: 11,809,100 Equity Shares of Rs.10/- each)		118,091,000		118,091,000
Subscribed and Paid up				
56,937,500 Equity Shares of Rs. 2/- each (Previous Year: 11,387,500 Equity Shares of Rs.10/- each)		113,875,000		113,875,000

Particulars	As at 31.03.2008		As at 31.03.2007	
2 RESERVES AND SURPLUS				
a. Capital Reserve				
As per last Balance Sheet		11,500		11,500
b. Share Premium				
As per last Balance Sheet		311,862,600		311,862,600
c. General Reserve				
As per last Balance Sheet	885,115,586		838,072,127	
Add: Additions during the year	94,363,151		47,043,458	
Less: Past service cost of Employee benefits in accordance with the AS15 (Refer Note No: 15)	2,644,898		–	
		976,833,839		885,115,586
d. Surplus in Profit & Loss Account		1,928,431,531		1,125,792,991
Total		**3,217,139,470**		**2,322,782,677**

Particulars	As at 31.03.2008		As at 31.03.2007	
3 SECURED LOANS				
A. Term Loans:				
From Financial Institutions:				
Rupee Term Loans - IFCI		386,522		386,522
From Banks:				
Rupee Term Loan - Citi Bank NA		388,235,294		200,000,000
Foreign Currency Term Loan - BNP Paribas Bank		401,900,000		–
B. Working Capital Facilities:				
a. State Bank of India		–		155,230,879
b. Andhra Bank		120,312,686		79,337,781
c. State Bank of Hyderabad		161,406,319		99,558,914
d. Buyers Credit Loan in Foreign Currency		1,186,861,694		530,688,171
C. Hypothecation Loan from HDFC Bank		7,442,987		9,671,782
(Secured against Hypothecation of Specific Assets)				
Total		**2,266,545,502**		**1,074,874,049**

Particulars	As at 31.03.2008		As at 31.03.2007	
4 UNSECURED LOANS				
a. Interest free Sales Tax Deferment - (Refer Note No: 3)		454,723,803		332,209,831
b. Working Capital Loan with Bank of Nova Scotia		250,000,000		–
c. Buyers Credit Loan-(Citi Bank & Bank of Nova Scotia)		191,351,255		–
Total		**896,075,058**		**332,209,831**

Particulars	As at 31.03.2008		As at 31.03.2007	
5 DEFERRED TAX LIABILITY				
As Per Last Balance Sheet	136,092,961		120,012,315	
Add: Liability for the year	33,413,094		16,080,646	
Total		**169,506,055**		**136,092,961**

Schedules to the Balance Sheet

(Amount in Rupees)

6 FIXED ASSETS & DEPRECIATION

Sl. No.	Particulars	GROSS BLOCK Cost as on 01.04.2007	Additions	Deletions	Total as on 31.03.2008	DEPRECIATION BLOCK Up to 31.03.2007	Current Period	Deletions	Total as on 31.03.2008	NET BLOCK As on 31.03.2008	As on 31.03.2007
1	Land & Land Development	7,899,659	4,158,000	–	12,057,659	–	–	–	–	12,057,659	7,899,659
2	Buildings	403,475,962	14,470,469	2,099,259	415,847,172	70,179,344	11,271,999	804,981	80,646,362	335,200,810	333,296,619
3	R&D Buildings	9,896,346	–	–	9,896,346	2,670,421	330,538	–	3,000,959	6,895,387	7,225,925
4	Plant & Machinery	1,736,456,199	423,100,012	26,879,117	2,132,677,094	733,978,419	200,131,707	23,575,319	910,534,807	1,222,142,287	1,002,477,780
5	R&D Plant & Machinery	87,050,412	4,647,536	–	91,697,948	48,015,191	7,239,972	–	55,255,163	36,442,785	39,035,221
6	Electrical Installations	137,389,912	110,100,898	79,811	247,410,999	48,808,925	7,418,300	43,410	56,183,815	191,227,184	88,580,987
7	Furniture	46,422,300	1,170,507	–	47,592,807	21,301,962	3,026,001	–	24,327,963	23,264,844	25,120,337
8	Office Equipment	103,149,307	11,412,303	11,916,620	102,644,990	68,557,137	10,912,009	11,212,252	68,256,894	34,388,096	34,592,170
9	Trade Marks	115,000	–	–	115,000	115,000	–	–	115,000	–	–
10	Vehicles	45,930,976	985,766	1,013,649	45,903,093	15,855,093	4,121,544	962,967	19,013,670	26,889,423	30,075,883
	Total	**2,577,786,073**	**570,045,491**	**41,988,456**	**3,105,843,108**	**1,009,481,492**	**244,452,070**	**36,598,929**	**1,217,334,633**	**1,888,508,475**	**1,568,304,581**
	Previous Year	1,907,116,068	699,729,668	29,059,663	2,577,786,073	863,568,510	170,026,464	24,113,482	1,009,481,492	1,568,304,581	1,043,547,558

(Amount in Rupees)

Particulars	As at 31.03.2008	As at 31.03.2007
7 INVESTMENTS		
A. In Government Securities		
a. Indira Vikas Patra	7,000	7,000
b. 6 Years National Savings Certificates (Lodged as security with Govt. departments. Rs. 12000/- held in the name of Shri Ramachandra N. Galla, Chairman)	60,000	65,000
B. Quoted		
a. Shares in Companies		
i. 166 Fully paid up Equity Shares of Rs. 10/- each in Nicco Corporation Ltd.	1,735	1,735
ii. 250 Fully paid up Equity Shares of Re. 0.50 each in Standard Batteries Ltd. (Provision for diminution in the value Rs. 7,750 / PY: Rs. 7,750/-)	7,750	7,750
iii. 10,000 Fully paid up Equity Shares of Re. 1/-each in Exide Industries Ltd. (The face value of Rs. 10/- each has been splited into Re. 1/- each consequently 1000 Shares become 10,000 Shares)	44,069	44,069
iv. 550 Fully paid up Equity Shares of Rs. 10/-each in HBL Power Systems Ltd.,	9,850	9,850
v. 23,749 Fully paid up Equity Shares of Rs. 10/-each in IDBI Ltd.,	1,008,000	1,008,000
vi. 80,000 Fully paid up Equity Shares of Rs. 2/- each in I.V.R.C.L. Infrastructure and Projects Ltd. (The face value of Rs. 10/- each has been split into Rs. 2/- each consequently 16000 Shares became 80,000 Shares)	204,800	204,800
vii. 227,900 Equity Shares of Rs. 10/- each fully paid up in Andhra Bank Limited	2,279,000	2,279,000

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2008		As at 31.03.2007	
7 INVESTMENTS (Contd...)				
Investments in Mutual Funds - Short Term				
a. 1,19,672 Units of Rs.10 each SBI Mutual Fund (IIIF-Savings Option) daily dividend. (Dividend reinvested during the year)		1,234,927		1,164,958
b. 1,238 Units of Rs.10 each SBI Mutual Fund (IIIF - Savings Option - Growth) daily dividend. (Dividend reinvested during the year)		13,634		13,634
C. Un Quoted:				
a. Shares in Companies				
i. 1128 Fully paid up Equity Shares of Rs. 10/-each in Indian Lead Ltd., (Provision for Diminution in the value Rs. 30,000/- PY: Rs. 30,000/-)		30,000		30,000
ii. 12,06,000 Fully paid up Equity Shares of Rs. 10/-each in Andhra Pradesh Gas Power Corporation Ltd.		157,143,610		157,143,610
		162,044,375		161,979,406
Less: Provision for loss on diminution in the value of investments		37,750		37,750
Total		**162,006,625**		**161,941,656**
Aggregate of Quoted Investments				
At Cost		4,803,765		4,733,796
Market value		53,152,611		43,431,470
Aggregate of Un-Quoted Investments at cost		157,240,610		157,245,610

Note: All the above investments are long term unless other wise stated.

8 INVENTORIES (As Certified by the Management)				
a. Stores and Spares		135,515,475		93,202,187
b. Material In Transit		129,164,399		62,788,970
c. Stock In Trade				
i. Raw Materials		631,703,870		300,836,280
ii. Finished Goods		402,980,436		152,615,017
iii. Work In Process		643,971,524		312,270,961
Total		**1,943,335,704**		**921,713,415**

9 SUNDRY DEBTORS (Unsecured)				
a. Debts Outstanding for a period exceeding 6 months:				
Considered Good	16,591,352		26,957,592	
Considered Doubtful	25,905,541		36,456,467	
	42,496,893		63,414,059	
Less : Provision for Doubtful Debts	25,905,541		36,456,467	
		16,591,352		26,957,592
b. Other Debts		2,248,090,667		1,432,587,385
Total		**2,264,682,019**		**1,459,544,977**

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2008		As at 31.03.2007	
10 CASH & BANK BALANCES				
A. Cash on hand		725,568		578,297
B. At Scheduled Banks in :				
a. Current Accounts		285,818,638		45,872,680
b. Fixed Deposits		221,849,664		206,056,801
c. Towards Unclaimed dividends		3,059,869		3,492,502
Total		511,453,739		256,000,280

Particulars	As at 31.03.2008		As at 31.03.2007	
11 LOANS, ADVANCES & DEPOSITS (Unsecured and considered good)				
a. Advances recoverable in cash or in kind, for value to be received		60,009,013		33,224,857
b. Advance for purchases		310,281,172		330,479,588
c. Deposits Recoverable	48,597,468		25,228,984	
Less: Provision for Doubtful Deposits	–	48,597,468	1,136,808	24,092,176
d. Excise Duty paid in advance		130,565,392		84,834,656
e. Income Tax paid in Advance		677,532,434		372,839,833
f. Income Tax Deducted at Source		3,116,767		5,250,614
g. Fringe Benefit Tax paid in Advance		10,141,242		2,851,000
h. Excise duty and Sales tax Paid Under Protest		8,234,989		6,251,330
Total		1,248,478,477		859,824,054

Particulars	As at 31.03.2008		As at 31.03.2007	
12 OTHER CURRENT ASSETS				
a. Interest accrued		5,943,027		2,161,110
b. Pre-Paid expenses		2,068,059		949,458
Total		8,011,086		3,110,568

Particulars	As at 31.03.2008		As at 31.03.2007	
13 CURRENT LIABILITIES & PROVISIONS				
A. Current Liabilities				
a. Sundry Creditors:				
i) Dues to Micro, Small and Medium Enterprises (Refer Note No:22)	4,057,959		1,293,140	
ii) Others (Include Rs. 122,168,774/- {PY: 58,309,636/-} Commission due to Chairman and Managing Director)	804,235,362	808,293,321	606,698,962	607,992,103
b. Advances from Customers		29,368,097		5,290,452
c. Outstanding Liabilities		113,936,162		69,070,161
d. Sales Tax Payable		72,716,370		49,459,365
e. Unclaimed Dividend		3,059,869		3,492,502
Total		1,027,373,819		735,304,583
B. Provisions				
a. Income Tax		703,478,408		413,750,012
b. Fringe Benefit Tax		10,941,300		3,400,000
c. Wealth Tax		93,010		94,188
d. Leave Encashment - (Refer Note No:15)		11,895,706		13,917,742
e. Gratuity - (Refer Note No: 15)		12,418,119		–
f. Proposed Dividend		39,856,250		39,856,250
g. Dividend Tax		6,773,570		6,773,570
h. Warranty Expenses		207,914,770		99,176,265
Total		993,371,133		576,968,027

Schedules to the Profit and Loss Account

(Amount in Rupees)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
15 OTHER INCOME				
a. Scrap Sales		203,902,949		81,035,016
b. Interest Received (TDS Rs. 11,75,983/-) (PY:10,72,370/-)		7,234,763		7,286,826
c. Dividend Received		1,508,243		3,282,886
d. Insurance Claims Received		6,623,928		1,931,073
e. Miscellaneous Income		66,377		60,122
f. Profit on sale of Assets		41,317		12,705
g. Gain on Foreign Exchange - Net		33,504,791		–
h. Bad debts Recovered		2,254,834		–
i. Credit balances Written back		473,745		2,293,347
j. Excess provision credited back		489,696		1,613,780
k. Provision for Doubtful Debts, Deposits and Advances Credited Back		–		223,049
Total		256,100,643		97,738,804
16 INCREASE/(DECREASE) IN STOCKS				
Closing Stock				
a. Work-in-Process	643,971,524		312,270,961	
b. Finished Goods	402,980,436		152,615,017	
		1,046,951,960		464,885,978
Less: Opening Stock				
a. Work-in-Process	312,270,961		193,937,010	
b. Finished Goods	152,615,017		89,103,779	
		464,885,978		283,040,789
Increase/(Decrease) In Stocks		582,065,982		181,845,189
17 RAW MATERIALS CONSUMED				
Opening Stock	300,836,280		151,830,013	
Add: Purchases	8,125,662,265		4,086,818,721	
		8,426,498,545		4,238,648,734
Less: Closing Stock		631,703,870		300,836,280
Consumption		7,794,794,675		3,937,812,454
18 EMPLOYEES BENEFITS				
a. Salaries, Wages and Bonus		330,842,854		203,108,147
b. Contribution to PF, Gratuity and Other Funds		39,068,123		25,143,821
c. Workmen and Staff Welfare Expenses		38,167,101		37,745,126
Total		408,078,078		265,997,094
19 MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES				
A. Manufacturing Expenses				
a. Stores and Spares Consumed		91,511,829		72,557,278
(Including Packing Material)				
b. Power and Fuel		225,682,762		148,959,819
c. Insurance		4,053,727		4,372,725
d. Repairs to:				
i. Machinery		82,510,488		46,803,418
ii. Buildings		2,580,837		1,072,792
iii. Other assets		4,918,193		652,109
Total - A		411,257,836		274,418,141

Schedules to the Profit and Loss Account

(Amount in Rupees)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
19 MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES (Contd...)				
B. Selling Expenses				
a. Advertisement		184,985,452		100,385,062
b. Freight Outward		260,158,945		199,818,784
c. Commission on sales		19,974,878		14,206,453
d. Sales Expenses		124,029,592		82,450,611
e. Warranty and Guarantee Costs		195,816,753		133,240,555
Total - B		784,965,620		530,101,465
C. Administrative Expenses				
a. Rent		33,537,014		24,189,731
b. Rent on Leased Assets		2,881,835		–
c. Directors Sitting Fee		62,000		84,000
d. Managerial Remuneration (Ref. Note No: 16)		126,678,134		61,918,995
e. Payments to Auditors (Ref. Note No: 17)		1,192,435		817,176
f. R&D Expenses		2,812,766		4,142,254
g. Donations		10,897,000		6,523,116
h. Loss on Sale of Assets		101,611		496,481
i. Rates, Taxes and Licences		2,745,557		3,234,494
j. Travelling Expenses		78,097,538		56,621,544
k. Communication Expenses		10,531,015		9,448,396
l. Bank Charges		14,951,412		16,412,556
m. Miscellaneous Expenses		81,593,108		53,799,989
Total - C		366,081,425		237,688,732
D. Other Expenses				
a. Provision for Doubtful debts		845,974		31,649,080
b. Provision for Doubtful Deposits		–		110,230
c. Bad debts and Irrecoverable Advances written off	18,539,340		31,303,766	
Less: Adjusted against Opening Provision for Doubtful Debts	12,533,708	6,005,632	26,095,700	5,208,066
d. Obsolete Stores Written - off		–		3,880,053
e. Assets Written - off		5,203,239		2,753,457
f. Loss / Gain on Foreign Exchange (Net)		–		4,469,124
g. Premium on Forward Contracts		5,231,495		3,379,095
Total - D		17,286,340		51,449,105
Total (A+B+C+D)		1,579,591,221		1,093,657,443

20 DUTIES AND TAXES (Excluding Income Tax)

a. Rates and Taxes - (Sales Tax and Octroi)		19,002,320		11,797,143
b. Excise Duty		30,436,241		14,210,846
Total		49,438,561		26,007,989

21 INTEREST PAID

On Working Capital Facilities and Others		93,487,583		30,195,196
On Fixed Loan		35,821,291		729,097
Total		129,308,874		30,924,293

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

STATEMENT ON ACCOUNTING POLICIES

1. GENERAL

   Financial statements are prepared under historical cost convention and in accordance with generally accepted accounting practices.

2. FIXED ASSETS

   Fixed Assets are stated at cost net of CENVAT and VAT Credit less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties and taxes, interest, if any, on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection, and other incidental expenses.

3. DEPRECIATION

   Depreciation is provided on straight line basis in accordance with the rates and rules prescribed under Schedule - XIV to the Companies Act, 1956, except in respect of the following where the depreciation is provided based on their estimated useful life

Computers	- 4 Years;
Office Equipments	- 8 Years;
Moulds	- 3 Years

4. INVESTMENTS

   Long-term investments are stated at cost less provision required, if any, for the permanent diminution in value thereof. Dividends thereon are accounted as and when received.

5. INVENTORIES

   a. Finished goods are valued at lower of Cost or Market Value.

   b. Work in Process, Raw Materials, Stores and Spares, Materials in transit etc., are valued at cost.

   c. Stock of scrap is valued at an estimated net realisable value.

6. SALES

   Gross Sales are inclusive of Excise Duty, Sales tax/VAT, Service Tax, Freight, Insurance, Service charges etc., recovered thereon.

7. EMPLOYEES BENEFITS

   I) Defined Contribution Plan

   a) Company's contribution to Employees Provident fund and Employees State Insurance are made under a Defined Contribution Plan, and are accounted for at actual cost in the year of accrual.

   b) Company's contribution to the Superannuation fund in respect of employees who are members are made under a defined contribution plan, being administrated by the Life Insurance Corporation of India and are charged to Profit and Loss account at the predetermined rates in the year in which employee has rendered service.

   II) Defined Benefit Plans

   a) Company's liability to Gratuity on retirement of its eligible employees is funded and is being administrated by the Life Insurance Corporation of India. The incremental expense thereon for each year is arrived at as per actuarial valuation and is recognised and charged to the Profit and Loss Account in the year in which the employee has rendered service.

   b) Expenses on account of unutilised leave which is unfunded is arrived at as per actuarial valuation and is recognised and charged to the Profit and Loss Account in the year in which employee has rendered services in lieu of such leave.

   c) Gains / Losses arrived at in the above actuarial valuations are charged to the Profit and Loss Account.

8. RESEARCH AND DEVELOPMENT EXPENSES

   Research and Development costs of revenue nature are charged to revenue as and when incurred, and of capital nature is capitalised and depreciation thereon is provided as per the rates prescribed in schedule XIV to the Companies Act, 1956.

9. FOREIGN CURRENCY TRANSACTIONS

   a) Transactions in foreign currency are initially accounted at the exchange rate prevailing on the date of the transaction, and charged to revenue, with the difference in the rate of exchange arising on actual receipt/payment during the year.

   b) At each Balance Sheet date

   - Foreign currency monetary items are reported using the rate of exchange on that date.
   - Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognised.

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

c) In respect of forward exchange contracts in the nature of hedges
   - Premium or discount on the contract is amortised over the term of the contract.
   - Exchange differences on the contract are recognised as profit or loss in the period in which they arise.

10. WARRANTY CLAIMS AND PROVISIONS

The company makes a provision for the probable future liability on account of warranty as at the end of the financial year, in addition to meeting the actual warranty claimed.

11. LATE DELIVERY CHARGES

The liability on account of late delivery charges, due to delay in the delivery of finished products is accounted for on accrual basis as per terms of the contracts after adjusting the claims no longer required.

12. TAXATION

Provision is made for Income-tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income tax Act, 1961.

- Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax.
- Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised. Deferred tax assets arising on other temporary timing differences are recognised only if there is a reasonable certainty of realisation.

13. DIVIDENDS

Provision is made in the accounts for the dividends payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income Tax on dividends payable is provided for in the year to which such dividends relate.

14. IMPAIRMENT OF ASSETS

At the date of each Balance Sheet, the company evaluates indications of the impairment internally if any, to the carrying amount of its fixed and other assets. If any indication does exist, the recoverable amount is estimated at the higher of the realisable value and value in use, as considered appropriate. If the estimated realisable value is less than the carrying amount, an impairment loss is recognised.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

15. CONTINGENT LIABILITIES

Contingent liabilities are not recognised in the accounts, but are disclosed after a careful evaluation of the concerned facts and legal issues involved.

16. BORROWING COSTS

Borrowing Costs directly attributable for acquisition of qualifying assets are capitalised as part of the asset. The other Borrowing Costs are charged to Revenue as and when they are incurred.

17. COMMODITY HEDGING

The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year, is recognised in the Profit and Loss account. In respect of contracts, that are outstanding as on date of Balance Sheet are valued at prevailing Market Price and the resultant loss, if any, is provided.

NOTES FORMING PART OF THE ACCOUNTS

1. a) The Company's land and building, plant and machinery, equipment, vehicles both present and future have been placed as security under a pari passu charge for the term loans obtained by the Company from IDBI, IFCI, ICICI, State Bank of India, Andhra Bank and IREDA. Some of the said loans have been repaid in full but the satisfaction of charges created in respect thereof remains to be obtained pending certain technical formalities. Further these loans are guaranteed by promoter directors in their personal capacities.

   b) The rupee term loan from Citi Bank N.A. is secured by second pari passu charge on all fixed assets both present and future,

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

subject to a condition to upgrade to the first pari passu charge after satisfaction of earlier charges as mentioned in clause (a).

c) The Foreign currency term loan from BNP Paribas Bank for ECB of USD 10 Million is secured by second pari passu charge on all fixed assets both present and future, subject to a condition to upgrade to the first pari passu charge after satisfaction of earlier charges as mentioned in clause (a).

d) Working capital facilities from banks are secured by way of hypothecation of work-in-process, finished goods, raw materials, all stocks of stores, bills receivables, and book debts and by sub-serviant second pari-passu charge on fixed assets of the company.

2. During the year 1991-92 the interest due on term loans from financial institutions viz. IDBI, IFCI and ICICI were funded with an option to convert a part of such funded interest not exceeding Rs. 2.63 Millions into fully paid up equity shares of the Company before 31-12-96. The Company cleared the funded interest loans by 31-03-95. However, IFCI filed a petition in a court of law demanding conversion of loan into equity shares, which has been disputed by the company and is pending disposal by the court.

3. The company is availing the Sales Tax Deferment benefit since 1997-98 on its expanded capacity. Such Deferment claimed, as on March 31, 2008 is Rs. 454.72 MM (PY Rs. 332.21 MM) This amount is subject to revision by the Assessment Authorities, consequent to the decision of Honorable A.P. High Court in favour of the company.

4. Contingent Liabilities

(Rupees millions)

Particulars	31.03.2008	31.03.2007
a. Claims against the company not admitted towards		
- Excise Duty	Nil	0.66
- Sales Tax	30.27	25.31
- Electricity	88.78	61.61
[Against all the above, Rs. 8.23 MM (PY 4.40MM) was paid under protest]		
b. Counter guarantees given to banks in respect of bank Guarantees issued in favour of various constituents.	214.73	200.58
c. Letter of Credit opened with banks	20.05	–
d. Bills Discounted with Scheduled Banks	58.66	47.08
e. Estimated amount of Contracts remaining to be executed on capital accounts, not provided for.	386.73	114.86
f. Bank Guarantees provided to APGPCL for differential wheeling charges pending disposal of the case by Supreme Court not provided for	4.32	4.32

5. Capacity and Production

Particulars	UOM	31.03.2008	31.03.2007
Storage Batteries			
Installed Capacity	Nos.	5,850,000	4,300,000
Average Installed Capacity	Nos.	4,900,000	3,400,000
Actual Production	Nos.	4,194,960	3,116,954

Note: The installed capacity represents the capacity as at March 31, 2008 and Average Installed Capacity represents year weighted average capacity based on expansions carried out during the year. The capacities are as certified by the management.

6. Purchase of Finished goods

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage Batteries	39000	17.10	60	0.35
UPS	1144	4.85	–	–
Total	**40144**	**21.95**	**60**	**0.35**

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

7. Turnover

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage Batteries and Others	4,121,017	13499.87	3,083,573	7451.03

Note: The above includes No's 1,68,528 (84,363) Batteries issued as replacements, Samples, etc.,

8. Opening and Closing Stock of Finished Goods

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Opening Stock - Storage Batteries	110728	152.62	77287	89.10
Closing Stock				
Storage Batteries	224557	401.78	110728	152.62
UPS	258	1.21	–	–

9. Consumption of Raw Material

(Rupees millions)

Particulars		Year ended 31.03.2008		Year ended 31.03.2007	
	UOM	Qty.	Amount	Qty.	Amount
Lead	Kgs.	28,190,706	3,411.27	20,735,714	1,430.53
Lead Alloys	Kgs.	23,769,603	2,784.81	19,212,859	1,391.22
Separator	Kgs.	635,977	97.73	508,093	90.54
Separator	Sq. Mtrs.	5,281,248	159.40	3,721,882	129.12
Others			1341.58		896.40
Total			**7,794.79**		**3,937.81**

10. Comparison between consumption of Imported and Indigenous Raw Materials, Stores and Spares during the year

i. Raw Materials

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Value	%	Value	%
Imported	3,690.19	47.34	2,013.41	51.13
Indigenous	4,104.60	52.66	1,924.40	48.87
Total	**7,794.79**	**100.00**	**3,937.81**	**100.00**

ii. Stores and Spares Consumed

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Value	%	Value	%
Imported	21.54	23.54	13.48	18.58
Indigenous	69.97	76.46	59.08	81.42
Total	**91.51**	**100.00**	**72.56**	**100.00**

11. Value of imports made during the year by the company calculated on CIF basis

(Rupees millions)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Capital Goods	388.77	372.49
Finished Goods	12.57	0.33
Raw Material and Components	3,310.86	1,910.05
Stores and Spares	34.26	24.14
Total	**3,746.46**	**2,307.01**

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

12. Expenditure incurred in foreign currency during the year

(Rupees millions)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Foreign Travel Expenses (exclusive of tickets purchased in Rupees)	11.26	10.08
Sales commission	0.55	0.16
Interest	49.65	16.07
Others	0.73	2.10
Total	**62.19**	**28.41**

13. Remittance in foreign currency on account of dividends

(Rupees millions)

Year	No. of non-resident share holders	No. of shares	Amount of Dividend
2007-08	13	3,276,279	11.47
2006-07	14	3,311,739	8.28

14. FOB Value of Exports made during the year

(Rupees millions)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Sales	402.94	287.36

15. Disclosure required by the AS – 15 (Revised) – Employee Benefits

Effective from April 1, 2007, the Company adopted the revised Accounting Standard - 15 Employee Benefits. Pursuant to the adoption, the transitional loss for Gratuity was Rs. 8.81 MM, and the transitional gain for unutilised Leave was Rs. 6.17 MM. The net transitional obligation of Defined Benefits plans of the company amounted to Rs. 2.64 MM. As required by the standard, the obligation as at the said date has been adjusted to the General Reserve.

The following tables summarise the components of net benefit expenses recognised in the profit and loss account and the funded status and amounts recognised in the Balance Sheet.

Reconciliation of Present Value of Defined Benefits Obligations

(Rupees millions)

Particulars	Gratuity	Leave salary
Present value of obligations at period beginning	20.52	7.75
Interest Cost	1.61	0.60
Service Cost	3.07	2.39
Benefits Paid	(0.94)	(0.55)
Actuarial (gain) / Loss	3.99	1.71
Present value of obligations at period end	28.25	11.90

Expenses recognised in the Statement of Profit and Loss Account

(Rupees millions)

Particulars	Gratuity	Leave salary
Interest Cost	1.61	0.60
Service Cost	3.07	2.39
Actual Return	(1.09)	–
Actuarial (gain) / loss	3.99	1.71
Total Cost	**7.58**	**4.70**

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

Reconciliation for fair value of plan assets

(Rupees millions)

Particulars	Gratuity	Leave salary
Fair value of Plan assets at Period beginning	11.70	–
Actual Return	1.09	–
Contribution by Employer	3.98	–
Benefits paid	(0.94)	–
Fair value of Plan assets at Period end	15.83	–
Present Value of unfunded Obligations	12.42	11.90
Net liability recognised in the Balance Sheet	12.42	11.90

Actuarial Assumptions

a) Discount Rate	8.00%
b) Attrition Rate (for gratuity qualifiers)	3.00%
c) Salary Escalation Rate per unit	4.00%
d) Mortality Rate	LIC 1994-96 mortality rates.
e) Expected Return	9.35%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

16. Remuneration to Non-Executive Chairman and Managing Director

i. Computation of net profits in accordance with Section 349 of the Companies Act 1956.

(Rupees millions)

Particulars		31.03.2008
Profit for the year as per the Profit and Loss Account		1459.38
Add:		
Directors' sitting fee	0.06	
Remuneration to Non-Executive Chairman and Managing Director	126.68	126.74
Less:		
Transactional liability adjusted to Reserves		2.64
Net Profit as per Sec 349		1,583.48
Remuneration by way of Commission to Non-Executive Chairman @ 3%		47.51
Remuneration to Managing Director @ 5%		79.17

ii. Details of remuneration to Non-Executive Chairman and Managing Director

(Rupees millions)

Particulars	Year ended 31.03.2008		Year ended 31.03.2007	
	Non- Executive Chairman	Managing Director	Non- Executive Chairman	Managing Director
Salary	–	2.40	–	2.40
Contribution to PF	–	0.01	–	0.01
Other perquisites	–	2.10	–	1.20
Commission	47.51	74.66	23.22	35.09
Total	**47.51**	**79.17**	**23.22**	**38.70**

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

17. Payment to Auditors

(Rupees millions)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Statutory Audit	0.90	0.60
Taxation Matters (including Tax Audit)	0.10	0.05
Reimbursement of out of pocket expenses	0.05	0.03
Cost Audit	0.08	0.08
Cost Audit – Out of pocket Expenses	0.01	0.01
Certification Fee for Cost Auditor	0.05	0.05
Total	**1.19**	**0.82**

18. Fixed Deposits under Cash and Bank balances include

Lodged as security with various authorities	Rs. 0.19 MM	(Rs. 0.14 MM)
Towards margin money deposits	Rs.139.18 MM	(Rs. 105.92 MM)

19. A. **Sundry debtors include debts due from companies in which the directors are interested**

a. Amara Raja Power Systems Pvt. Ltd.	Rs. 68.56 MM	(Rs. 18.31 MM)
Maximum balance	Rs. 68.56 MM	(Rs. 29.24 MM)
b. Mangal Precision Products Pvt. Ltd.	Rs. 1.84 MM	(Rs. 22.29 MM)
Maximum balance	Rs. 67.27 MM	(Rs. 22.29 MM)
c. Amara Raja Electronics Pvt. Ltd.	Rs. 55.44 MM	(Rs. 14.63 MM)
Maximum balance	Rs. 58.12 MM	(Rs. 20.02 MM)

B. **Sundry Creditors include debts due to companies in which the directors are interested**

a. Amara Raja Power Systems Pvt. Ltd.	Rs. 2.44 MM	(Rs. 1.22 MM)
b. Mangal Precision Products Pvt. Ltd.	Rs. 50.67 MM	(Rs. 12.06 MM)
c. Amara Raja Electronics Pvt. Ltd.	Rs. 2.59 MM	(Rs. 1.01 MM)

20. The Company is engaged in the manufacture of lead acid storage batteries. In the perception of the management, identifying the Company's business into further segments as per Accounting Standard – 17, does not arise.

21. Related Party Transactions

Related parties particulars pursuant to "Accounting Standard –18"

A) LIST OF RELATED PARTIES

1. **Key Management Personnel**

   Mr. Jayadev Galla

2. **Relatives of Key Management Personnel**

Dr. Ramachandra N Galla	Father of Mr. Jayadev Galla
Mrs. Amara Kumari Galla	Mother of Mr. Jayadev Galla
Mrs. G. Padmavathi	Wife of Mr. Jayadev Galla
Dr. G. Ramadevi	Sister of Mr. Jayadev Galla

3. **Enterprises in which Key Management Personnel and / or their relatives have significant influence**

   Amara Raja Power Systems Pvt. Ltd.
   Amara Raja Electronics Pvt. Ltd.
   Mangal Precision Products Pvt. Ltd.
   Galla Foods Pvt. Ltd.

4. **Enterprise with substantial interest**

   Johnson Controls Mauritius Pvt. Limited, Mauritius

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

B. TRANSACTIONS WITH THE RELATED PARTIES

(Rupees millions)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Key Management Personnel and / or their relatives have significant influence	Enterprise with substantial interest
I. Transactions during the year:				
a. Remuneration paid	39.60	23.22		
b. Sitting fee paid		0.01		
c. Dividends paid	2.99	6.44	0.73	10.36
d. Rent paid	4.76	10.42		
e. Sale of goods			301.86	56.15
f. Reimbursement/Sharing of Expenses			11.61	
g. Purchase of goods			799.39	4.37
h. Purchase of capital items			66.41	
II. Balances as at March 31, 2008				
a. Share capital held	8.55	19.05	2.08	29.61
b. Remuneration payable	74.66	47.51		
c. Payables – Trade dues			55.70	0.16
d. Receivables – Trade dues			125.84	6.00
e. Deposits receivable	1.76	3.52		

22. Based on the information available with the company on the status of the suppliers being Micro, Small and Medium enterprises, the disclosure requirements of schedule VI to the companies Act, 1956 with regard to the payments made to Micro, Small and Medium enterprises are given below:-

(Rupees millions)

Particulars	Principal amount	Interest amount
a) Amounts due as at the date of Balance sheet	4.06	Nil
b) Amounts paid beyond the appointed date during the year.	Nil	Nil
c) Amount of interest due and payable for the the period of delay in making payments of Principal beyond the appointed date during the year.	Nil	Nil
d) The amount of interest accrued and Remaining Unpaid as at the date of Balance sheet.	Nil	Nil

23. During the year Company has entered into lease agreements for office equipments for three years, which are in the nature of operating leases. The lease rent is charged to the Profit and Loss Account on accrual.

Future minimum lease rentals payable

(Rupeesm millions)

Up to one year	5.04
One to five years	7.26
Total	**12.30**

24. Major components of Deferred Tax Assets and Liabilities as at March 31, 2008 arising on account of timing differences are

(Rupees millions)

Particulars	Assets	Liabilities
1. Depreciation	–	215.16
2. Amounts disallowed U/s. 43B of the IT Act and Others	45.65	–
Total	**45.65**	**215.16**

Net Deferred Tax Liability as on March 31, 2008 Rs. 169.51 MM

14 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

25. A. Details of Provision for Warranty Expenses

(Rupees millions)

Provision as on March 31, 2007	99.18
Provision made during 2007-08	195.85
Withdrawn reversed during the year	(87.12)
Provision as on March 31, 2008	207.91

B. Movement of Provision for Doubtful Debts

(Rupees millions)

Provision as on March 31, 2007	36.46
Provision made during 2007-08	0.84
Written off – bad debts	(11.39)
Provision as on March 31, 2008	25.91

26. Particulars of Revenue Expenditure capitalised during the year

(Rupees millions)

Particulars	Year ended 31.03.2008
Salaries	6.51
Power and Fuel	0.06
Interest and Charges on Fixed Loans	7.75
Foreign Travel Expenses	0.86
Total	**15.18**

27. The balances in various personal accounts are subject to confirmation by and reconciliation with the concerned parties.

28. In the opinion of board of directors the current assets, loans and advances are expected to realise the value stated in the accounts, in the ordinary course of business.

29. Previous year figures have been regrouped/rearranged, wherever necessary.

30. Figures have been rounded off to the nearest thousands and rupees where it is mentioned in Million and amount in Rupees respectively.

As per our report of even date attached
For **E. Phalguna Kumar & Co.**
Chartered Accountants

For and on behalf of the Board

E. Phalguna Kumar
Partner

Dr. Ramachandra N. Galla
Chairman

Jayadev Galla
Managing Director

for **Chevuturi Associates**
Chartered Accountants

S. Gopala Krishna Murthy
Proprietor

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Place : Tirupati
Date : June 25, 2008

Place : Monterrey, Mexico
Date : June 24, 2008

Cash Flow Statement For the year ended March 31, 2008

(Amount in Rupees)

Particulars	2007-08		2006-07	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extra-ordinary items		1,459,381,425		711,984,448
Add/Less: Adjustments for :				
a. Depreciation	244,452,070		170,026,464	
b. Profit on Sale of Assets	(41,317)		(12,705)	
c. Excess Provision / Credit balance written back	–		(4,130,176)	
d. Loss on Sale of Assets	101,611		496,481	
e. Provision for doubtful debts, Deposits & Advances	–		31,759,310	
f. Obsolete Stores written off	–		3,880,053	
g. Assets written off	5,203,239		2,753,457	
h. Interest Paid	129,308,874		30,924,293	
i. Dividends	(1,508,243)		(3,282,886)	
j. Interest on Fixed deposits & Cash Margin Money	(7,234,763)		(7,286,826)	
k. Provision for leave Encashment	(2,022,036)		1,850,015	
l. Provision for Gratuity	9,773,221		–	
m. Provision for Warranty expenses	108,738,505		38,676,545	
		486,771,161		265,654,025
Operating Profit Before Working Capital Changes		1,946,152,586		977,638,473
Add/Less: Adjustments for working capital:				
a. Decrease / (Increase) in Inventories	(1,021,622,290)		(353,631,247)	
b. Decrease / (Increase) in Sundry Debtors	(805,137,043)		(608,577,797)	
c. Decrease / (Increase) in Loans and Advances	(78,805,431)		(235,890,633)	
d. Decrease / (Increase) in Other Current Assets	(4,900,518)		11,441,267	
e. Increase / (Decrease) in Trade Payables & Liabilities	291,994,156		63,022,456	
		(1,618,471,126)		(1,123,635,954)
Cash generated from operations		327,681,460		(145,997,481)
Less: i. Interest paid	129,308,874		30,924,293	
ii. Income Tax paid	487,457,789		195,588,255	
iii. Fringe Benefit Tax paid	7,290,242		3,097,270	
iv. Wealth Tax paid	94,188		47,918	
		624,151,093		229,657,736
Cash Flow before Extraordinary Items		(296,469,633)		(375,655,217)
Net Cash from Operating Activities - A		(296,469,633)		(375,655,217)

Cash Flow Statement For the year ended March 31, 2008

(Amount in Rupees)

Particulars	2007-08		2006-07	
B. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of Fixed Assets	(570,045,491)		(699,729,668)	
b. Increase in Capital Work in Progress	(595,742,315)		(13,518,480)	
c. Purchase of investments	–		(18,634)	
d. Sale of Fixed Assets	126,001		1,708,951	
e. Sale of Investments	(64,969)		158,217,634	
f. Interest on Fixed deposits and Cash Margin Money	7,234,763		7,286,826	
g. Dividends	1,508,243		3,282,886	
Net Cash from Investing Activities - B		**(1,156,983,768)**		**(542,770,485)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
a. Increase in Borrowings	1,755,536,680		1,001,675,111	
b. Dividend paid	(39,856,250)		(28,468,750)	
c. Dividend Tax paid	(6,773,570)		(3,992,742)	
Net Cash from Financing Activities - C		**1,708,906,860**		**969,213,619**
Net Cash in Cash and Cash Equivalent (A + B + C)		**255,453,459**		**50,787,917**
Opening Cash and Bank Balances		256,000,280		205,212,363
Add: Net increase in Cash and Cash Equivalent		255,453,459		50,787,917
Closing Cash and Bank Balances		511,453,739		256,000,280

For and on behalf of the Board

Dr. Ramachandra N. Galla
Chairman

Jayadev Galla
Managing Director

Place : Monterrey, Mexico
Date : June 24, 2008

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Auditors' Certificate

We have examined the attached Cash Flow Statement of Amara Raja Batteries Limited, Tirupati, for the year ended March 31, 2008. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated June 25, 2008 to the members of the Company.

for **E. Phalguna Kumar & Co.**
Chartered Accountants

for **Chevuturi Associates**
Chartered Accountants

E. Phalguna Kumar
Partner

S. Gopala Krishna Murthy
Proprietor

Place : Tirupati
Date : June 25, 2008

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	0 5 3 0 5	State Code	0 1
Balance Sheet Date	3 1 (Date) / 0 3 (Month) / 2 0 0 8 (Year)		

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

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

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

Total Liabilities	8 6 8 3 8 8 6	Total Assets	8 6 8 3 8 8 6

Sources of Funds

Paid-up Capital	1 1 3 8 7 5	Reserves & Surplus	3 2 1 7 1 3 9
Secured Loans	2 2 6 6 5 4 6	Unsecured Loans	8 9 6 0 7 5
Deferred Tax Liability	1 6 9 5 0 6	**Total**	**6 6 6 3 1 4 1**

Application of Funds

Net Fixed Assets	2 5 4 5 9 1 8	Investments	1 6 2 0 0 7
Net Current Assets	3 9 5 5 2 1 6	**Total**	**6 6 6 3 1 4 1**

IV. Performance of Company

Turnover including other income	1 3 7 5 5 9 6 8	Total Expenditure	1 2 2 9 6 5 8 7
Profit before tax	1 4 5 9 3 8 1	Profit after tax	9 4 3 6 3 2
Earning Per Share in Rs.	1 6 . 5 7	Dividend Rate in %	3 5

V. Generic Names of two Principal Products / Services of Company *(as per monetary terms)*

Item Code No. (ITC Code)	**Product Description**
8 5 0 7 2 0 . 0 0	Storage Batteries - Maintenance Free Valve Regulated Lead Acid (MF-VRLA) Batteries
8 5 0 7 1 0 . 0 0	Lead Acid Batteries used for Starting Piston Engines

For and on behalf of the Board

Dr. Ramachandra N. Galla
Chairman

Jayadev Galla
Managing Director

Place : Monterrey, Mexico
Date : June 24, 2008

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Notice of Annual General Meeting

NOTICE is hereby given that the twenty third annual general meeting of the members of Amara Raja Batteries Limited will be held on Thursday, August 14, 2008 at 3.00 P.M. at the registered office of the Company at Renigunta–Cuddapah Road, Karakambadi–517 520, Tirupati, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited balance sheet as at March 31, 2008, the profit and loss account for the year ended on that date and the reports of the directors and the auditors thereon.
2. To declare dividend.
3. To appoint a director in place of Mr. P Lakshmana Rao, who retires by rotation in terms of Article 105 (a) of the articles of association of the Company and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Nagarjun Valluripalli, who retires by rotation in terms of Article 105 (a) of the articles of association of the Company and being eligible offers himself for re-appointment.
5. To appoint a director in place of Mr. Shu Qing Yang, who retires by rotation in terms of Article 105 (a) of the articles of association of the Company and being eligible offers himself for re-appointment.
6. To appoint auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and in this connection, to consider and if deemed fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "RESOLVED that M/s. E. Phalguna Kumar & Co., Chartered Accountants, Tirupati and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, be and they are hereby re-appointed as joint auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting on a remuneration to be mutually agreed between the board of directors and the auditors."

Special Business

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "RESOLVED that pursuant to Sections 16, 94 and other applicable and related provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 15,00,00,000/- (Rupees fifteen crore only) divided into 7,50,00,000 (Seven crore fifty lakhs only) equity shares of Rs. 2/- (Rupees two only) each to 20,00,00,000/- (Rupees twenty crore only) divided into 10,00,00,000 (Ten crore only) equity shares of Rs. 2/- (Rupees two only) each".

8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "RESOLVED that the first sentence in the existing clause V of the memorandum of association of the Company relating to the share capital be substituted with the following sentence:

   The authorised share capital of the Company is Rs. 20,00,00,000 (Rupees twenty crore only) divided into 10,00,00,000 (Ten crore only) Equity Shares of Rs. 2/- (Rupees two only) each".

9. To consider and if thought fit to pass, with or without modification(s), the following resolution as SPECIAL RESOLUTION:

   "RESOLVED that the existing clause 5 of the articles of association of the Company relating to the share capital be substituted with the following clause:

   The authorised share capital of the Company is Rs. 20,00,00,000 (Rupees twenty crore only) divided into 10,00,00,000 (Ten crore only) equity shares of Rs. 2/- (Rupees two only) each".

10. To consider and if thought fit to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

    "RESOLVED

    a) that in accordance with the applicable provisions of the

Companies Act, 1956, or any amendment or re-enactment thereof and Article 160 & 161 of the articles of association of the Company and subject to the applicable guidelines / regulations / approvals of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) in this behalf and subject to such other approvals, consents, permissions and sanctions as may be necessary from appropriate authorities and subject to the Articles of Association of the Company being amended as per the resolution at item no.9, consent be and is hereby accorded to the board of directors of the Company (the Board, which term shall be deemed to include any Committee thereof) for capitalisation of a sum not exceeding Rs. 5,69,37,500 (Rupees Five crore sixty nine lakhs thirty seven thousand five hundred only) from the Securities Premium Account, General Reserves or any other permitted reserves / surplus of the Company for the purpose of issue of Bonus Shares of Rs.2/- (Rupees two) each, credited as fully paid-up to the holders of the equity shares of the Company whose name(s) appear on the register of members on the "Record Date" determined by the board or a committee thereof for the purpose, in the proportion of 1 (one) Bonus Share of Rs. 2/- each for every 2 (two) fully paid-up equity shares of Rs. 2/- each held by them and that the bonus share(s) so distributed shall, for all purposes, be treated as an increase in the paid up capital of the Company held by each such member, and not as income;

b) that the bonus shares so allotted shall rank pari-passu in all respects with the fully paid-up equity shares of the Company as existing on the record date, save and except that they shall not be entitled to any dividend for the financial year ended March 31, 2008;

c) that the bonus shares so allotted shall always be subject to the terms and conditions contained in the memorandum and articles of association of the Company;

d) that no letter of allotment shall be issued in respect of the bonus shares and in the case of members who hold shares or opt to receive the shares in dematerialised form, the bonus shares shall be credited to the respective beneficiary accounts of the members with their respective depository participants and in the case of members who hold equity shares in certificate form, the share certificate in respect of the bonus shares shall be despatched, within such time as prescribed by law and the relevant authorities;

e) that the issue and allotment of the bonus shares to non-resident members, Foreign Institutional Investors (FIIs) and other foreign investors, be subject to the approval of the Reserve Bank of India, as may be necessary;

f) that the board be and is hereby authorised to take necessary steps for listing of such shares on the stock exchanges where the securities of the Company are listed as per the provisions of the listing agreement with the concerned stock exchanges and other applicable guidelines, rules and regulations;

g) that no Bonus Shares be issued to the members in respect of their respective fractional entitlements, if any. The Board Directors of the Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot Bonus Shares in lieu thereof to any director(s) or officer(s) of the Company who shall hold the shares in trust on behalf of the members entitled to the fractional entitlements with the express understanding that such director(s) or officer(s) shall sell the same at such times and at such price or prices, as they deem fit and pay to the Company, the net sale proceeds thereof, whereupon the Company shall distribute such net sales proceeds to the members in proportion to their respective fractional entitlements.

h) that for the purpose of giving effect to this resolution, the board, be and is hereby authorised to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

By order of the board

Place: Monterrey, Mexico
Date: June 24, 2008

N. RamNathan
Company Secretary

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The proxy form in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.**

2. The register of members and share transfer books of the company will remain closed from August 7, 2008 to August 14, 2008 (both days inclusive).

3. Dividend, if any, declared at the meeting will be made payable on or after August 14, 2008 in respect of shares held in physical form to those members who are entitled to the same and whose names appear in the register of members of the Company after giving effect to all valid share transfers lodged with the Company or its Registrar and Share Transfer Agent viz., Cameo Corporate Services Limited, at the end of business hours on August 6, 2008 and in respect of shares held in electronic form to those "deemed members" whose names appear in the statement of beneficial ownership furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on August 7, 2008.

4. Members holding shares in physical form are requested to notify changes, if any, in their address(s) and bank mandate immediately to the Company or to its Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai – 600 002 and those who hold shares in dematerialised form are requested to notify their Depository Participants (DP) of the said changes.

5. Bank mandate for dividend or electronic clearing service (ECS)

   a) In case of members holding shares in electronic form i.e. through demat account, then address, dividend mandate and the particulars of the bank, branch and bank account number, etc. available with the DP as on August 7, 2008 would be taken into consideration for the purpose of distribution of dividend.

   b) Members who are holding their shares in physical form may either give a dividend mandate or opt for ECS.

6. **Dividend Mandate**

   The members should furnish their bank account number, the name of the bank and the branch where they would like to deposit dividend warrants for encashment. These particulars would be printed on the portion of the dividend warrants, besides the names of the members so that these warrants cannot be encashed by anyone else. The first/sole Member should furnish these details directly to Cameo Corporate Services Limited, our Registrar and Share Transfer Agent, quoting the Folio Number.

7. As per clause 49 of the listing agreement with stock exchanges, the brief resume, functional expertise of the directors proposed for re-appointment/ appointment are furnished below along with details of Companies in which they are directors and the board committee in which they are members.

   (i) Mr. P Lakshmana Rao

   Mr. P. Lakshmana Rao is a fellow Member of the Institute of Chartered Accountants of India and is a Partner of M/s. Brahmayya & Co., Chartered Accountants, since 1974. He was the Chairman of the Vijayawada Branch of Southern India Regional Council of the Institute of Chartered Accountants of India. He is associated with various educational institutions as governing body member / president / vice president.

   Mr. P Lakshmana Rao does not hold any equity share in the Company.

   Details of other directorships/committee memberships held by Mr. P. Lakshmana Rao are as follows:-

Name of the Company	Status	Committee position
NIL	NIL	NIL

   (ii) Mr. Nagarjun Valluripalli

   Mr. Nagarjun Valluripalli holds a degree from the Birla Institute of Technology and Sciences (BITS), Pilani, Rajasthan.

   Mr. Nagarjun Valluripalli served as the Founder, Chairman, President and Chief Executive Officer of Intelligroup, Inc, the first Indian company to go public on the Nasdaq (1996). While at Intelligroup, he was responsible for the growth of the company from USD 1 million in 1993 to over USD 186 million. Over the years, Mr. Nagarjun Valluripalli has been the recipient of various awards such as the NJ Fast 50 Awards in the years 1995, 1996, 1997, the NJ Fast 500 Award in 1999, the NJ Entrepreneur of the Year Finalist in the years 1995, 1996, 1997, the NJ Ernst and Young

Entrepreneur of the Year Winner in 2001, the Var Business 500Awards in 2000, 2001, 2002, the Young Presidents' Organisation, Inc. in 2003, Recipient of the Ronald Reagan Technology Award from the World Business Forum for 2004.

He is also a strategic investor in a number of Companies ranging from Software, Business Process Outsourcing to Power and Infrastructure.

He also serves as the Chairman of Young Indians (YI) Hyderabad Chapter and is involved in a number of social welfare activities.

Mr. Nagarjun Valluripalli holds 1000 equity shares of Rs. 2/- each of the Company in his individual capacity.

Details of other directorships/committee memberships held by Mr. Nagarjun Valluripalli are as follows:-

Name of the Company	Status	Committee position
Maybull Infotech Private Limited	Director	NIL
Maybull Financial Services Private Limited	Director	NIL
Maybull Estates and Agrotech Private Limited	Director	NIL
Quattro Investments Private Limited	Director	NIL
Mayfair Hanson Properties Private Limited	Director	NIL

(iii) Mr. Shu Qing Yang

Mr. Shu Qing Yang is the Vice President and General Manager of Asia Pacific Region of Johnson Controls, Inc. a US$37 billion fortune 500 company with seating/interior, building efficiency and power solutions operations around US$4.5 billion in Asia today. He has been responsible for growing Johnson Controls' Power Solution Business in the Asia Pacific Region since 2007 with locations in India, China, Japan, Korea, Thailand, Malaysia, Indonesia and Australia. Prior to this position Mr Shu Qing Yang was the Vice President, Business Development and Strategy Asia Pacific for JCI's seating/interior business in the last ten years.

Mr. Shu Qing Yang does not hold any equity share of the Company in his individual capacity. Shu Qing Yang is the representative director of Johnson Controls Inc., persons acting in concert.

Details of other Directorships/Committee Memberships held by Mr. Shu Qing Yang are as follows:-

Name of the Company	Status	Committee position
NIL	NIL	NIL

8. Pursuant to Section 205A of the Companies Act, 1956, dividends that remain unpaid or unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

   Section 205C of the Companies Act, 1956 declares that no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed or unpaid for seven years as aforesaid and transferred to the fund.

   Therefore, members who have not encashed their dividend warrants for the earlier years are requested to get their dividend warrant revalidated and encash the same.

Explanatory statement as required under Section 173 (2) of the Companies Act, 1956.

Item no.7

The existing authorised share capital of the Company is Rs. 15,00,00,000/- (Rupees fifteen crore only) divided into 7,50,00,000 (Seven crore fifty lakhs only) equity shares of Rs. 2/- (Rupees two only).

It is proposed to increase the authorised share capital of the Company from the present Rs. 15,00,00,000/- (Rupees fifteen crore only) divided into 7,50,00,000 (Seven crore fifty lakhs only) equity shares of Rs. 2/- (Rupees two only) each to Rs. 20,00,00,000/- (Rupees twenty crore only) divided into Rs. 10,00,00,000 (Ten crore only) equity shares of Rs. 2/- (Rupees two only) each to give effect to the recommendation of bonus shares as provided in the Resolution under item no.10.

None of the directors of your Company is interested in this resolution.

The board of directors of your Company recommends this resolution for your approval.

Item no. 8

Consequent to the increase in the authorised share capital the capital clause V in the memorandum and articles of association of the Company is required to be altered and hence necessary resolution is proposed for the approval of the shareholders.

None of the directors of your Company is interested in this resolution.

The board of directors of your Company recommends this resolution for your approval.

Item no. 9

Consequent to the increase in the authorised share capital the capital clause 5 in the articles of association of the Company is required to be altered and hence necessary resolution is proposed for the approval of the shareholders.

None of the directors of your Company is interested in this special resolution.

The board of directors of your Company recommends this resolution for your approval.

Item no. 10

Your directors have pleasure in proposing issue of shares by way of bonus by increasing the issued, subscribed and paid–up share capital of the Company after capitalising a sum not exceeding Rs. 5,69,37,500/- from the general reserves as per the audited accounts of the Company for the financial year ended March 31, 2008 and the same is proposed to be applied in paying up in full not exceeding 2,84,68,750 equity shares of Rs. 2/- each.

Such fully paid-up bonus shares shall be distributed to the members of your Company, whose names shall appear on its register of members on the record date to be determined by the board of directors of your Company (which term shall be deemed to include any committee thereof) for the purpose of issue of bonus shares, in the proportion of 1 (one) bonus share of Rs. 2/- each for every 2 (two) equity shares of Rs. 2/- each held by them respectively on the record date.

The bonus shares, from the date of allotment thereof, shall rank pari-passu in all respects with the existing fully paid-up equity shares of the Company. No letter of allotment shall be issued in relation to the said bonus shares. Instead, share certificates will be dispatched to the shareholders who hold the existing shares in physical form and the respective beneficiary accounts will be credited for the bonus shares, for such shareholders who hold the existing equity shares or opt to receive the bonus shares, in dematerialised / electronic form, within the prescribed period.

Dr. Ramachandra N Galla, Chairman, Mr. Jayadev Galla, Managing Director, Dr. G. Ramadevi and Mr. Nagarjun Valluripalli, Directors, are deemed to be interested in the resolutions to the extent of their shareholdings held by them or by the Companies under their control as promoters of the Company.

Mr. Raymond J Brown, Mr. Shu Qing Yang and Mr. Frank E. Kraick, Directors, are interested to the extent that they are nominees of Johnson Controls Inc., who hold 26% of the share capital of the Company and who are persons acting in concert with the promoters.

The board of directors of your Company recommends this resolution for your approval.

Inspection of Documents

The memorandum and articles of association and all documents and resolutions referred to in this notice are available for inspection by the members at the corporate operations office at 5th Floor, "Astra Towers", Hitech City, Kondapur, Hyderabad – 500038 at any time between 11.00 A.M. and 2.30 P.M. on all working days of the Company except Saturdays from the date of this notice until the day before the date of the annual general meeting.

By order of the board

Place: Monterrey, Mexico
Date: June 24, 2008

N. RamNathan
Company Secretary

Amara Raja

Amara Raja Batteries Limited

Registered Office: Renigunta - Cuddapah Road, Karakambadi - 517 520
Tirupati, Andhra Pradesh, India

ATTENDANCE SLIP

Please complete this Attendance Slip and hand it over at the entrance of the Meeting place. Joint Shareholders may obtain additional Attendance Slips on request.

Name & Address of the Members ____

____

Ledger Folio No. (s)____________________/DP ID No.*____________________& Client ID No.*____________________

No. of Shares held ____

* Applicable for members holding shares in electronic form.

I hereby record my presence at the 23rd Annual General Meeting held on Thursday, August 14, 2008 at 3.00 p.m. at the Registered Office of the Company at Renigunta–Cuddapah Road, Karakambadi–517 520, Tirupati.

____

Signature of the Member/Proxy

Amara Raja

Amara Raja Batteries Limited

Registered Office: Renigunta - Cuddapah Road, Karakambadi - 517 520
Tirupati, Andhra Pradesh, India

PROXY FORM

Ledger Folio No. (s)____________________/DP ID No.*____________________& Client ID No.*____________________

No. of Shares held ____

I/we ______________________________________of ______________________________

being a Member / Members of the Amara Raja Batteries Limited hereby appoint ______________________________

of ______________________________ or failing him/her ______________________________

of ______________________________ as my / our proxy to vote for me / us and on my / our behalf at the 23rd Annual General Meeting of the Company to be held on Thursday, August 14, 2008 and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2008 by the said ____________________

* Applicable for members holding shares in electronic form.

Affix Re. 1 Revenue Stamp here

Signature(s) of Member(s)

Notes: The Proxy Form duly completed must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a member of the Company.

Corporate Information

Board of Directors

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

Dr. G. Ramadevi

Shu Qing Yang
(w.e.f. August 14, 2007)

Raymond J Brown
(w.e.f. October 23, 2007)

Frank E. Kraick
(w.e.f. January 22, 2008)

P. Lakshmana Rao

Ravi Bhamidipati

Nagarjun Valluripalli

Rohit Kochhar
Alternate Director to Shu Qing Yang
(w.e.f. January 22, 2008)

Financial Controller

Suresh K

Company Secretary

RamNathan N

Auditors

M/s. E. Phalguna Kumar & Co.
Chartered Accountants,
Tirupati

M/s. Chevuturi Associates
Chartered Accountants,
Vijayawada

Cost Auditor

M/s. Parankusam & Co
Hyderabad

Bankers

State Bank of India, Settipalle, Tirupati

Andhra Bank, Main Branch, Tirupati

State Bank of Hyderabad, Main Branch, Tirupati

BNP Paribas, Chennai

Citibank N.A., Chennai

Registered Office

Renigunta – Cuddapah Road,
Karakambadi – 517 520
Tirupati, Andhra Pradesh, India

Corporate Operations Office

5th Floor, "Astra Towers",
Kondapur, Hitech City,
Hyderabad - 500 038, India

Registrar and Share Transfer Agents

M/s. Cameo Corporate Services Limited
"Subramanian Building",
No. 1, Club House Road,
Chennai – 600 002

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