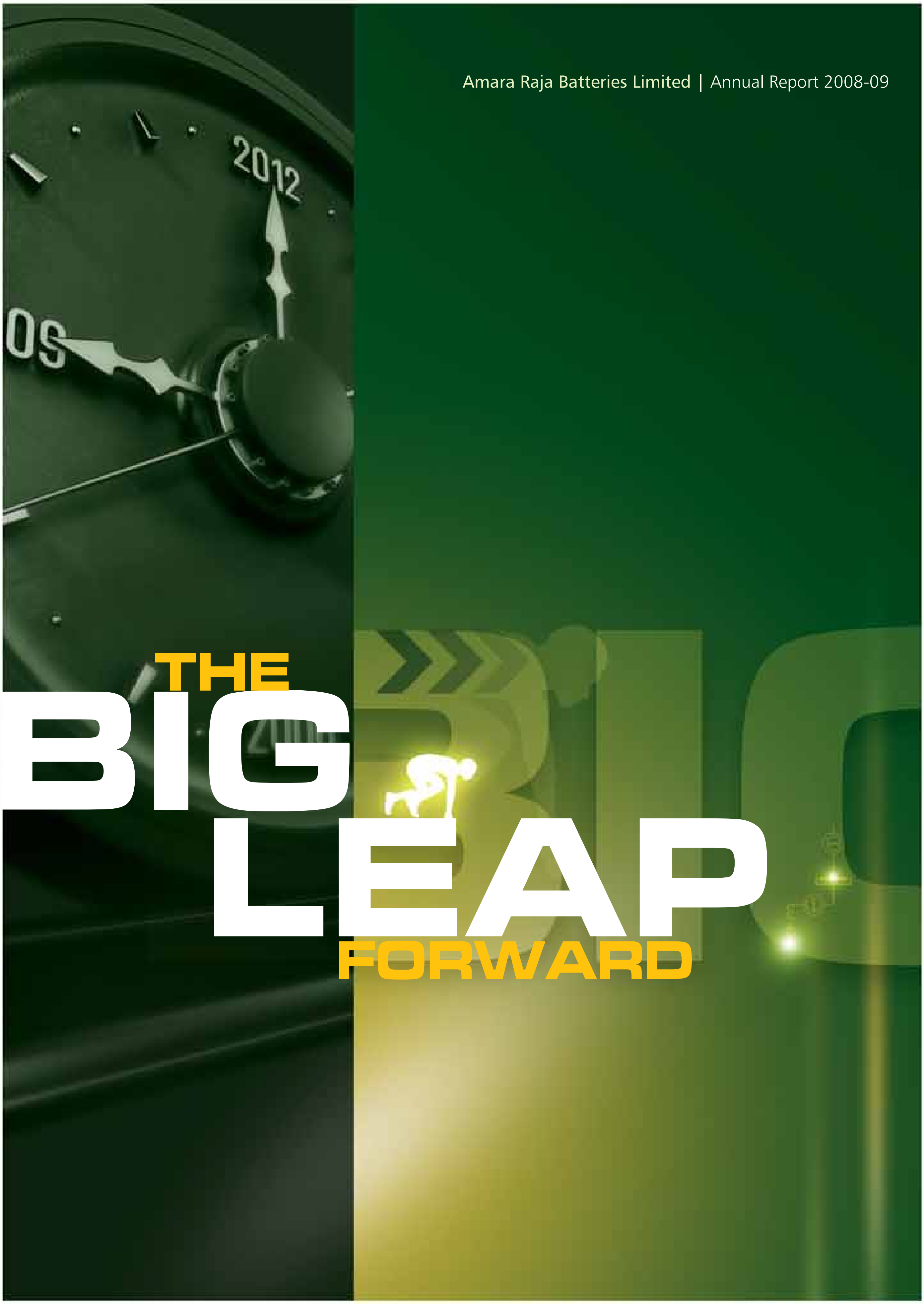
Amara Raja Batteries Limited | Annual Report 2008-09



THE BIG LEAP FORWARD

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.

The document Pitstops

We envisioned stretch targets. We set the pace to gain momentum. We innovated to stride across hurdles. We achieved the target. And stayed ahead of the pack.

Now India has targeted a USD 514-billion infrastructure investment during its Eleventh Plan which exceeds its Tenth Plan outlay by more than a factor of two. Creating an unprecedented opportunity for the prepared, including Amara Raja Batteries Limited (ARBL). Now attractively positioned for ...

THE BIG LEAP FORWARD

AT ARBL, WE ARE COMMITTED TO DO BETTER IN THE YEAR AHEAD

Dr. Ramachandra N Galla
Chairman

Dear Shareholders,

I AM DELIGHTED TO ANNOUNCE THAT OUR COMPANY ACHIEVED A REMARKABLE MILESTONE IN 2008-09 CROSSING Rs. 15,000 MILLION IN GROSS SALES FOR THE FIRST TIME. THIS MILESTONE WAS DOUBLY SPECIAL AS WE ACHIEVED IT IN THE MIDST OF A GLOBAL ECONOMIC MELTDOWN.

In fiscal 2009, the global economy went through a tailspin, reviving memories of the Great Depression. All dire eventualities that enterprise managers feared, materialised – markets and demand vanished within a few weeks while a large number of companies were driven to the brink as asset values evaporated and the rest had to resort to severe cost-cuts and lay-offs to survive. The sub-prime crisis in the US wiped out huge swathes of asset value for individuals and organisations. More importantly, the fall of legendary corporations like Lehman Brothers and General Motors, among others, dealt a severe blow to the sentiment of people.

These events affected India too. Indian economy's progress towards a 10% GDP growth was stalled and reversed. Many feared that the newly resurgent economy was totally unprepared and could fall into recession if the global economy continued its downward spiral. A few sober voices did point out that India's economy was not fully in sync with that of the world and at some stage would be able to decouple and continue its growth path. The economic indicators of the last few months seem to echo their pronouncements and indicate that our economy is getting stable now.

The economic adversities impacted our Company (ARBL) as well. The greatest effect was felt in the rupee depreciation against the dollar resulting in a foreign exchange loss and reduced demand from automotive OEM business. However, the impact was considerably cushioned by the continuing buoyancy of the telecom sector and UPS business and the robust demand from the automotive after market. Overall, our Company exhibited a healthy topline growth of 21% for FY 2008-09, recording net revenues of Rs. 13,177.23 million compared with Rs. 10,833.26 million in FY 2007-08.

We recorded a PBT of Rs. 1,226.59 million (Rs. 1,459.38 million in 2007-08) after providing for a sum of Rs. 322 million towards foreign exchange loss (both cash and notional) owing to the depreciation of the rupee against the US dollar. The profit after tax stood at Rs. 804.78 million.

Distinctive tie-ups

It is a matter of pride that we forged unique associations in the auto batteries business with two of the most respected brands in India. We tied up with Maruti Suzuki India Ltd for retailing Amaron® MGB (Maruti Genuine Battery) through the large network of Maruti authorised service centres. We also entered into an MOU with TATA International Ltd for exporting automotive batteries under the Amaron® brand name to select African countries. Both alliances will enhance brand Amaron's customer base in India and abroad.

Winning awards

I have more heartening achievements to share with you. The Company was recognised for HR strategy by the Employer Branding Institute of India with two regional awards for 'Best HR Strategy in line with Business' and 'Continuous innovation in HR Strategy at work'. The Company also received the 'Corporate Excellence Award in Marketing' for its initiatives from Amity Business School, Noida. The Company was accredited for its Six Sigma initiative to increase ball mill productivity through process optimisation by the Confederation of Indian Industry (CII) with a national award. These awards stand testimony to our culture of innovation. Whatever the business environment, this culture empowers our people and derives efficiencies for the collective good.

The road ahead

As things stand today, Indian industry looks ready to rebound. However, the year gone by has been a real test even as we see some light at the end of the tunnel, Indian companies need concerted help from the government to find safe ground. Banks should stop playing ultra-safe and make credit available to companies. Relaxed norms, tax rebates and holidays should be made available to deserving sectors and demand inducing infrastructure projects and other economic activity should be diligently implemented. The stability of the political system is a boon in these trying times. We look forward to this glimmer of revival becoming a real surge in the Indian economy.

A word of caution at this stage is necessary. Indian companies would do well to remember the trials of the past year and imbibe the learnings of this period to build a stronger future.

At ARBL, we are committed to do even better in the year ahead and are looking ahead with confidence, backed by our people, culture and support of stakeholders and JV partner Johnson Controls Incorporated (JCI), USA. Our bankers have continued their support in keeping our expansion plans on course.

We would like to place on record our heartfelt gratitude to our valued shareholders and all other partners and associates.

Thank you,

Dr. Ramachandra N Galla
Chairman

WE ARE LOOKING AHEAD WITH CONFIDENCE

Jayadev Galla
Managing Director

Dear Shareholders,

THE FISCAL 2008-09 HAD MORE THAN ITS SHARE OF ECONOMIC, POLITICAL AND CIVIC UPHEAVALS. TWO EVENTS WILL HAVE A LASTING IMPACT ON OUR LIVES. ONE WAS THE 26/11 MUMBAI CARNAGE AND THE UNPRECEDENTED PUBLIC OUTRAGE AGAINST POLITICAL INACTION. THE OTHER WAS THE GLOBAL ECONOMIC MELTDOWN, WHICH IS STILL PLAYING OUT.

Another recent event with far-reaching consequences was the clear mandate to a single national party in the Union elections. It brings with it, the promise of political stability and growth oriented reforms. The economic indicators of the recent past seem to indicate that the worst will soon be over and we are cautiously optimistic about the economic growth.

During this tumultuous period, ARBL continued its growth and in FY 2008-09 crossed gross revenues of Rs. 15,000 million and net revenues of Rs. 13,177.23 million compared with Rs. 10,833.26 million in FY2007-08. The topline growth was achieved despite softening lead prices, indicating the fundamental strength of our business and products. Our profit before tax was Rs. 1,226.59 million as compared with Rs. 1,459.38 million for the same period last year. The drop in profits was owing to Rs. 322 million provisioning towards cash and notional forex loss. We adopted a conservative approach of charging the entire forex loss in the same year and did not resort to lenient provisioning allowed under amended AS11. The net profit after tax was Rs. 804.78 million (Rs. 943.63 million).

The Board of Directors recommended a dividend of Rs. 0.80 per share (40%), subject to the approval of the shareholders in the forthcoming Annual General Meeting. On the diluted paid up equity share capital (post the 1:2 bonus issue), the distribution results in a higher payout to the shareholders compared with last year.

Our Company continued to enjoy strong liquidity. Crisil reaffirmed the credit rating for our borrowing programmes at AA-/Stable and P1+, indicating that the Company's business outlook is stable. We are confident that the fund requirement for ongoing expansion programs will be met through internal cash generation, without a major impact on the interest cost.

The industrial batteries business maintained its momentum and recorded a 50% CAGR over the last four years. As we continued to enjoy a preferred supplier status among leading telecom operators and UPS manufacturers, telecom and UPS segments remained the main drivers of the industrial battery business. The Company's channel network (AQUA) which grew to more than 70 partners at the end of the financial year 2008-09, strengthened our reach.

During the year, the manufacturing capacity of large VRLA (PowerStack™) doubled to 900 million Ah. This will support further market share enhancement. We are also well poised to increase our UPS segment share as the 50% capacity enhancement of medium VRLA battery (Quanta™) is under way. The small VRLA batteries for commercial and household applications were developed and will be introduced during the financial year 2009-10. The Company is also in an advanced stage of developing Front Terminal Access (FTA) batteries for the telecom segment and will be marketing the product during 2009-10.

The automotive battery business grew in line with the industry. Our market share in the OEM and Aftermarket remained stable. We were able to weather the slowdown in the automotive industry owing to a continued focus on channel building and realigned product portfolio.

During FY 2008-09, we tied up (co-branding) with the Country's leading car brand Maruti. With this arrangement, Brand Amaron® became the first battery brand in India to be labelled "Maruti Genuine Battery" and retailed through a large network of Maruti authorised service centers. The other significant agreement was with TATA International Ltd., for exporting automotive batteries to select African countries. We expect both tie-ups to enhance our Aftermarket business considerably.

The motorcycle batteries with breakthrough VRLA technology, introduced under brand Amaron Pro Bike Rider™, has been well accepted by the customers and demand has been picking up at a good pace. Work is on to enhance the motorcycle and small VRLA battery capacity from 1.80 million to 2.40 million units in FY2010 to cater to this growing demand.

Our retail presence continues to expand. The network includes over 18,000 retailers serviced by 189 Amaron® franchisees, including 145 PitStops. Our novel distribution network of PowerZone™ also grew during the year to reach 600 semi-urban and rural centres across the Country.

Brand Amaron® continues to be one of the fastest growing battery brand in India and our brand building initiatives through motor sport events and sponsorships helped us secure a very high recall for Amaron® among the growing young consumer segment in India.

Our growth this fiscal was achieved despite a slowdown in the automotive sector, drop in lead prices and steep rupee depreciation. Looking ahead, several factors remain positive – a stable government at the centre, improving domestic economic conditions, appreciating rupee and relatively stable lead prices. We will continue to keep a close watch on economic developments to ensure that our Company's growth, both in the near term and long term, remains on course.

With an objective to enhance efficiencies and profitability, we reorganised the two businesses of ARBL into a more streamlined SBU structure – Automotive Battery SBU and Industrial Battery SBU. Two seasoned ARBL professionals with years of experience in the industry will head these SBUs. Supporting the independent businesses would be shared centres of expertise around functions like finance, HR, quality excellence, operational excellence and supply chain management, helping drive synergies, a common culture and in turn creating a stronger 'Amara Raja' brand.

I would like to place on record our heartfelt gratitude to our JV partner Johnson Controls Incorporated (JCI), our bankers, retail partners and associates and the Amara Raja team.

We cherish our association with you and look forward to having your continued support on our growth journey.

Thank you,

Jayadev Galla
Managing Director

PINPOINT FOCUS

LEAD ACID BATTERY TECHNOLOGY CONTINUES TO BE THE UNDISPUTED WORKHORSE IN STORED ENERGY SOLUTIONS AND IS A PREFERRED PRODUCT OF CHOICE IN CONVENTIONAL AND EMERGING APPLICATION FOR THEIR VERSATILE VALUE – PROVEN TECHNOLOGY, LOWER COST, MATURED PRODUCT AND PROCESS TECHNOLOGY AND RECYCLABILITY.

ARBL possesses a demonstrated track record to service diverse needs in the most effective way.

- Pioneered VRLA technology in India
- Established a leading presence in the rapidly growing verticals of automotive and industrial batteries. In the former, the Company caters to all vehicle segments and a large pan-India aftermarket; in the latter, it caters to most high-growth segments like telecom, UPS, power, railways as well as process industries
- Widened its product range to address growing needs – a multiple-warranty battery range (12-60 month warranty) for each vehicle segment in the automobile battery business; a 4.5 Ah to 5,000 Ah range to cater to diverse requirements in the industrial battery business.
- Created niche products – Front Terminal Access batteries for telecom, specialised batteries for railway coaches, VRLA motor cycle batteries, among others - to strengthen its presence in key markets in the years to come.

The result is that ARBL caters to all major OEMs in the automotive business lead by its premium brand Amaron®, most preferred battery supplier to leading telecom service providers and the largest supplier of stand-by power systems to Indian utilities.

New genre

ARBL will partner with Indian vehicle manufacturers in their effort to develop Hybrid Electric Vehicles by providing high-energy density battery solutions using the Li-ion technology.

ENTRENCH POSITION

THE BIG STORY IN THE GLOBAL AUTOMOTIVE INDUSTRY IS INDIA'S EMERGENCE AS AN INTERNATIONAL AUTOMOBILE MANUFACTURING HUB WITH ACCELERATING GROWTH IN ITS DOMESTIC VEHICULAR CONSUMPTION. THE BIG STORY IN THE GLOBAL TELECOM INDUSTRY IS THE TREBLING OF TELECOM TOWER POPULATION TO 350,000 IN THREE YEARS. THE COMBINATION OF THE TWO REPRESENTS A BIG LEAP FORWARD FOR INDIA'S LEAD ACID BATTERY INDUSTRY.

Globally recognised

The automotive battery facility was certified by ISO 9001:2000, ISO/TS 16949 and ISO 14001 (certified by TUV NORD); the industrial battery facility was accredited for ISO 9001

ARBL is at the right place at the right time to capitalise on these unfolding realities.

- Increased the capacity of automotive batteries from 1.20 million units in 2003-04 to 4.20 million units in 2008-09.
- Increased the capacity of large VRLA batteries from 150 million Ah in 2003-04 to 900 million Ah in 2008-09.
- Increased the capacity of medium VRLA batteries from 0.30 million units in 2003-04 to 1.20 million units in 2008-09 to a projected 1.80 million units by end-October 2009.
- Established 1.80 million unit capacity for manufacture of motor cycle/SVRLA batteries in 2008-09 and planned to enhance the capacity to 2.40 million units in 2009-10.
- Rationalised capital investment per unit in every successive brown field expansion programme through prudent planning and execution.
- Reinforced the business model through tactical revenue stream from institutional and retail segments. In the automotive battery business, grew its presence among OEMs (volume-driven) and aftermarket (value-driven); in the industrial battery business, forged strong relationships with institutional customers both for original and replacement demand
- Leveraged the alliance with Johnson Controls Inc., USA (JCI), the global leader in the automotive battery business. It introduced expanded metal technology (optimising lead consumption) and benchmarked with best business practices

The result is that ARBL offers the longest battery life to consumers backed by extended warranty, and complete peace of mind by providing reliable back up power solutions.

MAINTAIN PACE

A GROWING NUMBER OF OEM's SEEK TO PARTNER WITH COMPANIES THAT POSSESS STRONG BALANCE SHEETS, SO THAT THE VENDOR COMPANIES CAN COMFORTABLY SCALE THEIR CAPACITIES AND UPGRADE THE PRODUCT PORTFOLIO -- ADEQUATELY AND PERIODICALLY -- IN LINE WITH THE PLANNED GROWTH OF THEIR CUSTOMERS.

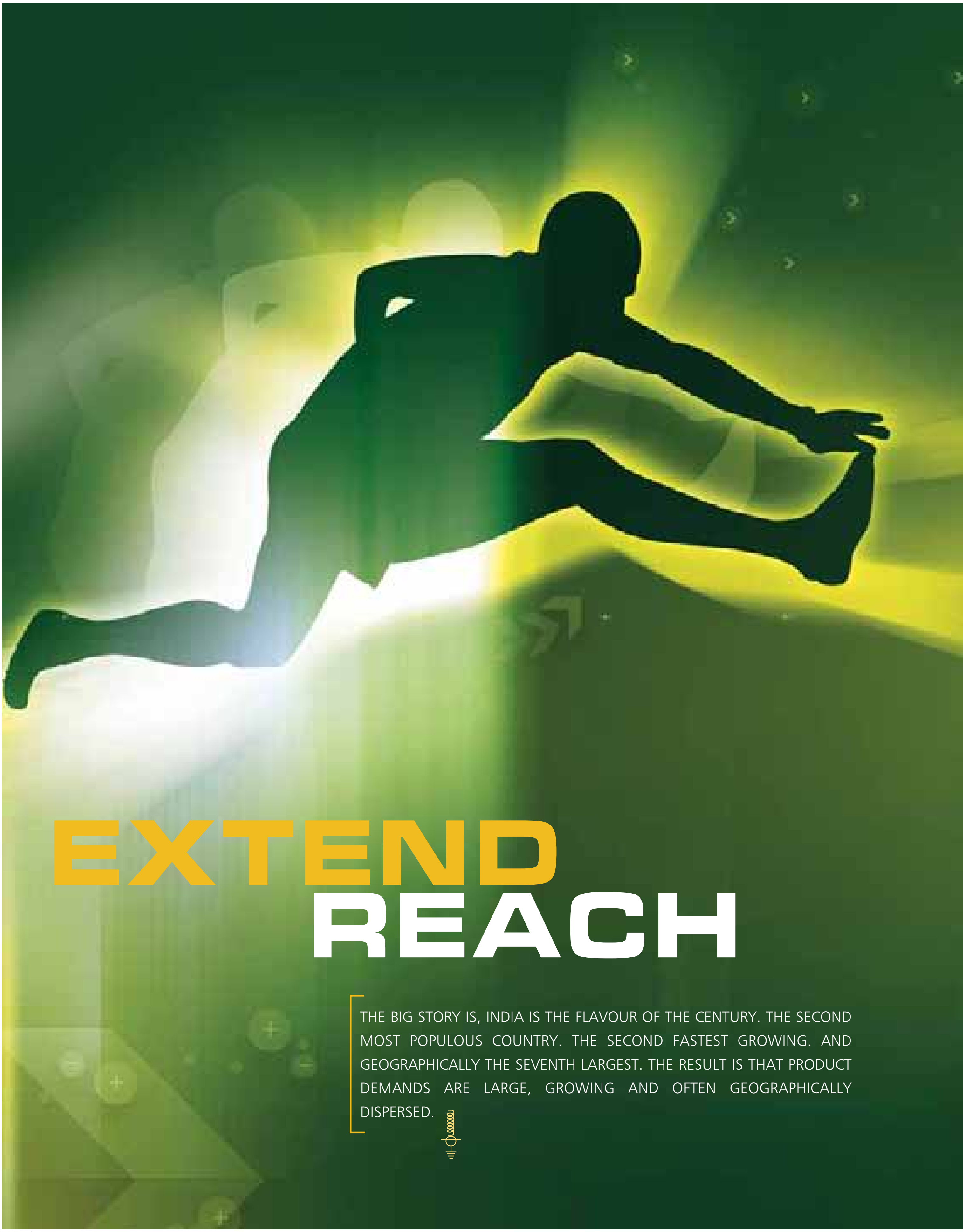
Strengthening the business

We invested Rs. 3.30bn in growing our operational capacity & efficiency over the last five years, of which 65% was funded out of internal accruals

When companies work with ARBL they don't need to worry.

- Improved sales revenue from Rs. 1,635 million in 2003-04 to Rs. 13,177 million in 2008-09, 50% CAGR over the last five years.
- Achieved a 53% compounded growth in cash profit between 2003-04 and 2008-09.
- Created free reserves of Rs. 3,885 million (March 31, 2009) against Rs. 374 million debt repayment liability and capex of Rs. 900 million in 2009-10.
- Maintained an attractive debt-equity ratio of 0.70:1 (March 31, 2009); utilised less than 50% of its sanctioned working capital limit in 2008-09.
- Strengthened the industry respect through a reaffirmed credit rating of AA-/Stable/P1+ by CRISIL in a challenging 2008-09.

The result is that all our capex plans for 2009-10 will be funded through internal accruals, enhancing the predictability of timely asset commissioning and prospective growth.



EXTEND REACH

THE BIG STORY IS, INDIA IS THE FLAVOUR OF THE CENTURY. THE SECOND MOST POPULOUS COUNTRY. THE SECOND FASTEST GROWING. AND GEOGRAPHICALLY THE SEVENTH LARGEST. THE RESULT IS THAT PRODUCT DEMANDS ARE LARGE, GROWING AND OFTEN GEOGRAPHICALLY DISPERSED.

In this challenging environment, the nationally visible ARBL is never far away.

- Pioneered the concept of Amaron® Pitstop (145 outlets as on March 31, 2009) and PowerZone™ (600 outlets as on March 31, 2009) to provide value, assurance and a unique shopping experience in urban and rural locations
- Introduced an unconventional distribution channel-small shopkeepers, telephone booth operators, auto mechanics and lube sellers–in a conventional business
- Created a pan-India retail network of 189 franchisees and 18,000 retail outlets across 2,300 towns and a touch point in urban India every 5 kms - the largest in the Country
- Deepened the reach through 70 AQUA distribution network, which caters to replacement demand in the industrial battery business
- Entered into an alliance with Maruti to strengthen aftermarket presence; the Amaron® Battery will not only be branded as a 'Maruti Genuine Battery' but also marketed through Maruti's pan-India authorised service centre network

ARBL's batteries are used by more than 10 million consumers today. There are 175,000 live battery banks, providing uninterrupted backup power to various critical applications.

The globe, our canvas

ARBL products are available in most of the South Asian countries. In 2008-09, the Company entered into a tie-up with Tata International Ltd to market batteries under the Amaron® brand in African continent.

DISCOVER POTENTIAL

SHAREHOLDERS NEED PROFIT GROWTH DERIVED FROM BUSINESS EFFICIENCY. CUSTOMERS NEED SOLUTIONS DERIVED FROM INNOVATION. TRADE PARTNERS NEED ASSURANCE DERIVED FROM SENSITIVITY. VENDORS NEED GROWTH DERIVED FROM POLICY. INEVITABLY, THE BOTTOM LINE IS PEOPLE.

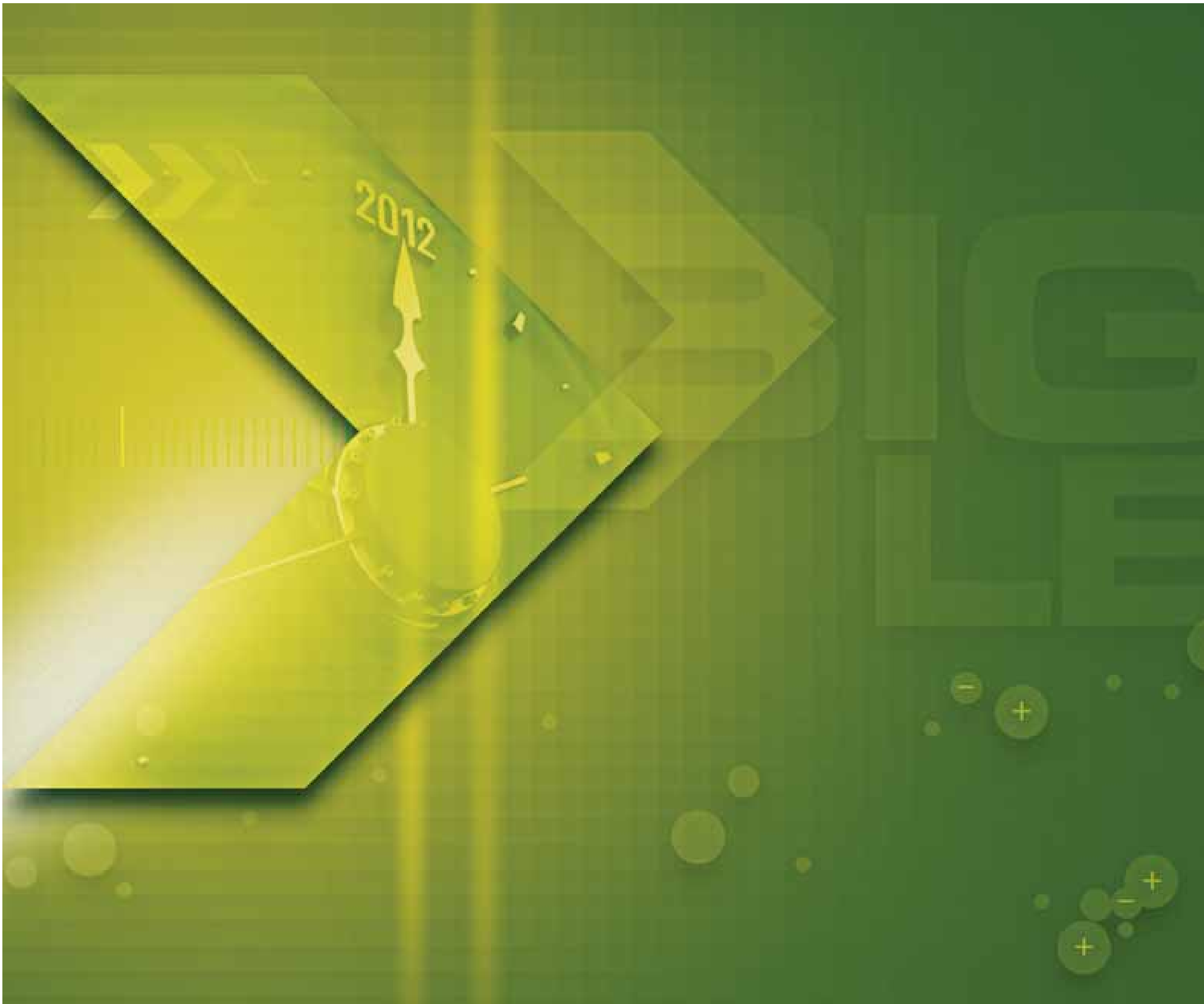
Right approach

ARBL was recognised for its HR strategy by Employer Branding Institute of India with two regional awards for "Best HR Strategy in line with Business" and "Continuous innovation in HR Strategy at work".

ARBL has invested in its people with as much as commitment as it has invested in its capital assets with the objective to create a motivated and competent workforce which is one of its key strategic assets.

- Maintained a no-union workforce for 2 decades in a harmonious and collaborative work environment
- Enhanced role clarity and team performance by implementing the Balanced Score Card (providing a goal based agenda) and electronic appraisal system (fostering unbiased performance appraisal)
- Created a team and training calendar providing at least 6 person days of training per employee. Conducted more than 300 customised in-house training and development sessions
- Partnered with Indian Institute of Management (Bangalore) to provide a General Management and Leadership program for all senior management members
- Encouraged the formation of cross-functional teams to suggest and implement improvements (process and product)
- Rewarded and recognised superior performance through the Chairman's Award and other accolades
- Created a team of 70 'freshers' (average age 27 years) to independently manage exciting new business viz., two wheeler / small VRLA battery facility

The result is that even as our workforce is growing, we enjoy respectable retention levels.



Management discussion and analysis

Global economic overview

The global economy decelerated from 5% in CY2007 to 3.4% in CY2008 following a meltdown triggered by the US sub-prime crisis. The crisis deepened during the second half of CY2008, resulting in a collapse of global financial institutions. By the last quarter of CY2008, advanced economies were drawn into a recession leading to global multi-sectoral demand destruction. Cash-starved economies implemented several measures to address the liquidity crisis, which postponed capital investments and affected day-to-day operations of a number of global corporations. With reduced pressure on inflation owing to a downward adjustment in demand and a sharp correction in commodity prices including oil, all the central banks took swift measures to boost liquidity to prevent further damage to the financial system and limit impact on the real sectors.

Outlook

Japan's industrial production grew the most in 56 years in April 2009 while the UK's house prices unexpectedly rose in May 2009 and German retail sales climbed the most in four months. The US economy did better than expected in the first quarter (January - March 2009), contracting 5.7% instead of the expected 6.1% while corporate profits rebounded 1.1%, beating analysts expectation of a heavy fall. The outlook for the global economy continues to be challenging with the world's leading economists indicating improvement by the third quarter of CY2009. The global economy is expected to show positive improvement after stabilisation only in CY2010.

Indian economic overview

Given the increased integration with global economy, emerging economies like India and China are not completely insulated from the global meltdown. The Indian economy was affected by the decline in the equity market owing to foreign portfolio capital outflows, sharp fall in foreign direct investments and overseas borrowing, trade imbalance due to falling exports despite a decline in oil prices and excessive pressure on the domestic banking system to meet credit demand.

After a robust 8% average annual growth over five years and 9% in FY2008 and despite the deepest global economic crisis in six decades, India registered an impressive 6.7% growth in FY2009, indicating that it may expand faster in FY2010. When the global economic crisis began to adversely impact the Indian economy, the government announced a series of measures (stimulus packages) – totalling USD 115 billion, aimed at boosting domestic demand and stimulating exports – like indirect tax rates cut, additional plan expenditure of Rs. 200 billion on infrastructure, interest subvention, cuts in interest rates and cash reserve ratio to overcome liquidity concerns. The government also accelerated the computation of depreciation on commercial vehicles purchased before September 30, 2009 and extended grants to various state transport undertakings to purchase 40,000 commercial vehicles in addition to other infrastructure investments.

Outlook

The indications of an economic revival were witnessed in the fourth quarter of 2008-09. Motor vehicle sales improved from a negative 9.3% in November 2008 to a positive 5.2% in March 2009. Industrial output is expected to grow to 5-8% in the fiscal year ending in March 2010 from 2.4% in the past year but more decisively above 10% only in FY2011. Exports may remain slow for most of FY2010. FY2010 is seen as a stabilisation year for the real GDP (expected to clock 6% growth with an upward bias) led by stable political power and reform/result-oriented government policies. On the monetary policy front, one can expect either limited or no action with respect to policy rate cuts in the near term, considering the current liquidity, interest rates and fiscal deficit.

The Indian meteorological department in its recent forecast has predicted below normal monsoon for the year 2009, though the prediction can vary either way by 5%.

Many global private equity investors believe a consistent economic improvement may happen only after CY2010. According to KPMG survey of global PE players, 43% respondents said that the economy would begin picking up next year, while 39% said it would occur after CY2010. Further, 33% respondents named emerging markets like India as an attractive investment destination for the next few years.

Domestic batteries market

The Indian storage batteries market is estimated at Rs. 90 billion. Of this, industrial batteries account for Rs. 37 billion and automotive batteries for Rs. 53 billion. The domestic organised sector in the storage battery market is estimated at about Rs. 68 billion, with industrial batteries accounting for Rs. 35 billion. The unorganised sector accounts for a large proportion of the automotive battery segment.

Industrial batteries

The industrial battery segment accounts for around 40% sales by value of the total Indian storage battery market. This segment grew at a 25% CAGR over four years. The VRLA battery comprises 60% of the Indian industrial storage battery market. The medium VRLA segment accounts for the biggest sub-segment, growing 30% annually. Highly fragmented, the industrial battery segment's biggest consumers comprise telecom, IT and ITeS, BFSI and corporates/organisations.

Growth drivers

- Spreading network of telecom service providers
- Entry of new players and introduction of new services (3G) in the telecom sector
- Increasing computerisation, especially among government agencies
- Growing IT and ITeS sectors
- Widening BFSI network and ATM expansion
- Rising automation across business enterprises
- Mounting power deficit, enhancing the

need for back-up batteries in critical equipment and processes

- Burgeoning enterprise solutions

Automotive batteries

India's organised automotive battery segment is estimated at around Rs. 33 billion. Commercial vehicles account for a 29% share of the automotive batteries market, while cars and utility vehicles cumulatively account for 38%. The OEMs in the automotive segment account for around 34% of the automotive battery market while the rest is accounted for by the replacement market, reflecting attractive potential. In the organised sector, around 80% of the market is dominated by three leading players.

Growth drivers

- India has emerged as a hub for automobile manufacture

The industrial battery segment accounts for around 40% sales by value of the total Indian storage battery market.

Business snapshot

Business	Strengths	Strategy for growth
Industrial battery business	■ Preferred vendor among domestic utilities, government agencies, multinationals and domestic telecom service providers	■ Strengthen presence in high-growth sectors ■ Create products targeting specific user segments
Automotive battery business	■ Preferred battery provider to multiple new vehicle platforms ■ A network of 189 franchisees and 18,000 retailers ■ 600-strong PowerZone™ retail network for rural and semi-urban areas	■ Increase share in the OE business ■ Enhance reach through innovative initiatives ■ Create products for technologically superior vehicles

Product segment

Industrial battery business

Snapshot

Capacity:

900 million Ah (Large VRLA)

1.20 million units (Medium VRLA)

What we achieved in 2008-09

- Enhanced revenues by 37%
- Increased sales volume by 45%
- Doubled the large VRLA operational capacity from 450 to 900 million Ah
- Developed small VRLA batteries for commercial and household applications
- Neared completion of the development of Front Terminal Access batteries
- Maintained robust capacity utilisation

Business overview

ARBL introduced Valve Regulated Lead Acid (VRLA) batteries for industrial usage. These batteries cater to the telecom sector and UPS back-up systems while other end-user segments include the Indian Railways and power utilities.

The Company enjoyed enduring client relationships, registering a 50% growth (compounded) over the four years leading to 2008-09. It is the preferred battery supplier to major cellular service providers, one of the largest battery suppliers to Indian utilities and enjoys a preferred status with multinational telecom and power companies.

Products and applications

ARBL's products straddle large, medium and small VRLA batteries. Small VRLA batteries were developed in the last quarter of 2008-09. The Company's industrial battery product portfolio comprises batteries with capacities ranging from 4.5 Ah to 5,000 Ah.

In the telecom sector, the batteries support switches and networks; the Indian Railways uses these batteries to power air-conditioning in AC coaches; the batteries support the transmission and distribution networks of power stations. The UPS batteries support IT and ITeS operations and form a part of UPS systems to regulate power supply to critical equipment during voltage fluctuations. Small VRLA batteries find application in small UPS and emergency lamps.

Shop floor

Our industrial batteries are manufactured in Tirupati (Andhra Pradesh). During 2008-09, the Company enhanced output and optimised resource utilisation

Our two industrial brands	
Brand	**Application**
Power Stack™	Telecom exchanges, power stations, oil and gas, Indian Railways and other industrial applications
Quanta™ (UPS segment)	Indian Railways, IT and ITeS companies, government agencies and companies in the BFSI segment

The Company enjoyed enduring client relations, registering a 50% growth (compounded) over the four years leading to 2008-09.

through the following initiatives:

- Reduced the battery charging cycle time by 20% through a novel pasting chemistry
- Ramped up production capacity by a factor of 2
  - Installed a new pasting machine
  - Added ovens and reduced oven cycle time
  - Added a high-speed assembly line (existing three lines)
- Operated the enhanced capacity without any manpower increase
- Initiated TPM to improve MVRLA line productivity by about 20% (except the formation section)
- Commenced Six Sigma initiatives
- Developed an in-house sealing machine with twice the existing capacity
- Initiated four projects under Six Sigma and 10 projects under Insfire (CI program), optimising cost and improving quality

Optimism in the business segment

The industrial batteries business is expected to grow on the back of sizeable growth expected in its core customer segments.

Telecom: India, one of the world's fastest growing telecom markets, is expected to emerge as the second largest global telecom market by 2010. The 'India Telecom 2012 Study' report indicates that India's telecom subscriber base will touch around 700 million by 2012, catalysed by strong semi-urban and rural demand. Semi-urban and rural customers, represented by Circle B and Circle C, are projected to grow quickest, accounting for around 60% of India's mobile phone subscribers. The COAI has predicted that India will have over 800 million mobile phone users by 2012. This growth will necessitate large rural infrastructure investments; it is estimated that 350,000 telecom towers will be added by the mobile segment during the next three years, increasing the total number of BTSs installed in India to 750,000 by March 2012.

- The government intends to increase

rural tele-density, the untapped potential at the base of the pyramid

- Emphasis on increasing broadband and internet connections – drive for deployment of mobile-commerce
- Broadband connectivity for every school, health centre and gram panchayat
- Policy to make India a telecom manufacturing hub through the establishment of a telecom-specific SEZ
- 3G services in all cities/towns with more than 0.1 million population
- Rural teledensity is expected to touch 25% by 2012.

India is expected to add over 113,025 MW power generating capacity across the Eleventh and Twelfth Plans.

- Bharti Airtel is expected to invest around USD 2.5 billion towards expansion
- Vodafone Essar is expected to invest USD 6 billion in three years
- BSNL's tender for establishment of 93 million cellular lines will be finalised during FY2010 and will be executed by FY2012
- BTS sites will increase from 0.25 to 0.45 million by 2012

Information technology: The demand for back-up power is expected to grow significantly in the IT and ITeS sector following attractive growth plans of user sectors.

- India's IT end-user spending is expected to grow at a 14.8% CAGR (2007-12), generating USD 110 billion in business potential by 2012 (Source: Gartner).
- Low-cost business process outsourcing centres are expected to double in India by 2010 (Source: Gartner)
- India's IT-BPO sector expects to export USD 60 billion while the software and services sector expects to export USD 73 -75 billion by 2010 *(Source: NASSCOM)*
- If India maintains its current share of the global offshore IT-ITeS market, IT-ITeS exports will exceed USD 60 billion in 2009-10, USD 86 billion by 2011-12 and USD 330 billion by 2019-20 *(Source: NASSCOM)*.

Households: Two-thirds of India's rural households do not have access to formal banking, representing scope for growth. Under the National Rural Employment Guarantee Act, more than two crore savings account were opened in Indian banks and post offices, the largest number of bank accounts linked to a development programme globally. Of these, more than 1.1 lakh accounts were opened with post offices and the rest with the rural public sector or co-operative banks, warranting a robust network.

ATMs: There are around 40,000 ATMs across India. The Reserve Bank of India has allowed banks to open offsite ATMs without prior approval. This has fuelled ATM growth in India, especially driven by PSU banks who plan to open around 10,000 ATMs across the Country in 2009-10. This is expected to create a huge opportunity for industrial battery manufacturers.

A recent report predicts higher domestic ATM growth in the next three to five years with innovative technologies such as biometric ATMs to cater to the rural population.

Railways: The Indian Railways possesses about 45,350 new-age coaches (as on July 2008), representing a ready market for ARBL. This opportunity is expected to grow significantly for the following reasons:

- Indian Railways will upgrade railway infrastructure and new rolling stock procurement, investing Rs. 375 billion in 2009-10
- The government intends to set up a new wheel factory at Chapra (100,000 wheels annually), diesel locomotive factory at Marhowna (150 units/year), electric locomotive factory at Madhepura (120 locomotives annually) and coach factory at Rae Bareli (1,000 coaches annual capacity) with a capital outlay of USD 974 million, graduating India into a railway equipment manufacturing hub for southern Asia and Africa.
- In the interim Railway Budget for 2009-10, passenger coach production was proposed to be increased to 2,100 units from the normal level of around 1,700 units.
- The Indian Railways plans to add 22,869 coaches across the Eleventh Plan (2007-12).

Power sector: The Eleventh Plan is expected to witness 48% transmission grid growth. This will translate into a significant business opportunity for the following reasons:

- India is expected to add over 113,025 MW power generating capacity across the Eleventh and Twelfth Plans.
- India plans to create a National Grid, adding 95,283 ckm (transmission superhighways) and augmenting energy carrying capacity from 16,450 MW to

37,150 MW by 2012.

- High energy consumption and deficiency will warrant the creation of large T&D networks
- To meet project schedule, the CEA has sanctioned Rs. 21,000 crore for equipment purchase in upcoming power projects

Solar sector: The solar power sector is on the cusp of an attractive opportunity.

- The solar photovoltaic cell (alternate energy source) industry, has grown 68% since 2003-04.
- India's semi-conductor sector intends to invest around Rs. 390 billion in solar photovoltaic cell manufacturing plants.
- The government has targeted a 10,000-MW solar energy generation by 2020
- As part of the 'green city' concept, the government has identified 60 cities to develop as solar/green cities during the Eleventh Plan, reducing electricity demand from conventional resources by 10% in five years.

To meet project schedule, the CEA has sanctioned Rs. 21,000 crore for equipment purchase for upcoming power projects

Road ahead

Growth drivers for 2009-10	On the drawing board
Front Terminal Access (FTA) batteries for the telecom segment	Consolidate the expanded capacity
Batteries for sleeper coach lighting for Indian Railways	Expand the MVRLA battery capacity by about 50%
Batteries (12V) with higher capacity for UPS segment	Analyse opportunities to establish a presence in other segments of the Indian battery sector

Product segment

Automotive battery business

What we achieved in 2008-09

- Revenues grew 8% over 2007-08
- Sales volume grew in line with industry growth
- Supplied batteries to six new platforms of existing OEMs
- Entered into an agreement with TATA International Ltd., to market batteries in Africa under the 'Amaron®' brand
- Amaron® 'Maruti Genuine Battery' to be sold through pan-India Maruti authorised service centres, the first such instance in the Indian automotive segment
- Launched motor cycle battery (Amaron Pro Bike Rider™) based on VRLA technology with a 60-month warranty in the aftermarket
- Received National Award for Six Sigma initiatives from CII
- Expanded network to 189 franchisees and 18,000 retailers; strengthened the presence of PowerZone™ to 600 outlets across semi-urban and rural locations

Business overview

ARBL commenced operations of its automotive batteries business, technologically supported by its JV partner Johnson Controls Inc., USA, the largest global automotive batteries manufacturer. The Company introduced maintenance-free automotive batteries and pioneered the VRLA technology in India's automotive battery segment. It offers a range of automotive batteries to OEMs and the aftermarket with warranties ranging from 12 to 60 months. The Company is a preferred supplier to domestic and multinational automobile OEMs for diverse platforms. It enjoyed a sizeable presence in the aftermarket segment (25% market share in the organised sector), both through its own brands as well as private label programs like BOSCH and Lucas. The Company also exported its Amaron® batteries to various countries in Southeast Asia, Middle East and Africa.

Products and applications

The automotive batteries cater to automobile segments like passenger cars, MUVs and commercial vehicles. The two-wheeler batteries cater to motor cycles and scooters, both self-start and kick-start.

Snapshot

Capacity:

4.20 million batteries – Automotive

1.80 million batteries – Motor cycle/small VRLA

At the shop floor

The Company's automotive battery manufacturing facility in Tirupati houses six assembly lines, while the motor cycle battery manufacturing facility has two assembly lines. The Company optimised operational processes through the following initiatives:

- Undertook around 25 Six Sigma projects to enhance process efficiency and quality improvements
- Converted seven grid casting machines from the use of LPG to flameless operation with electrical energy
- Increased ball mill productivity through process optimisation, which received recognition from CII by way of a Six Sigma Award
- Initiated the TPM programme by creating an institutionalised calendar for preventive maintenance to achieve zero-plant breakdowns
- Implemented 10 Poka-Yoke (mistake-proofing) projects in accident zones to achieve a zero accident rate
- Installed a fume exhaust system in the formation area, improving working conditions
- Converted 70% of grid manufacturing from gravity casting to expanded metal process
- Improvised the pasting line process to reduce downtime
- Introduced a new charging system to reduce cycle time in the formation segment and ensure an equal charge in all cells for enhanced quality
- Implemented 75 projects under the Continuous Improvement Initiative (Insfire); while 40 projects were successfully implemented, the rest are expected to yield results in 2009-10
- Added the sixth assembly line to enhance capacity to 4.2 million units

Aftermarket network

In 2008-09, the Company expanded its

Brand and user segment

Brand	User segment
PRO	Passenger cars
FLO	Passenger cars
GO	Passenger cars
BLACK	Passenger cars
FRESH	Passenger/MUV
HI-WAY	Commercial vehicles
HARVEST	Tractors
SHIELD	Inverters

network to 189 franchisees and 18,000 retailers. To enhance visibility and reach, the Company launched Pitstop™ outlets in urban areas and PowerZone™ outlets in semi-urban and rural areas. It received the 'Corporate Excellence Award in Marketing' from Amity Business School in 2008-09.

Brand initiatives

The Company retained Narain Karthikeyan, Armaan Ibrahim, Karun Chandok and Aditya Patel as brand ambassadors, improving brand recall.

During 2008-09, the Company organised 'Amaron Karting Challenge' for school children (12-16 years) in seven Indian cities. The three winners were trained to participate in international racing events like the Rotax Championship.

The Company initiated the free pan-India automatic electrical checking camps and deployed branded vans for enhancing visibility across major Tier I and II cities.

Mobile phones and the internet, as part of emerging media, were used for advertising for the first time in 2008-09.

Optimism and outlook

A revival in India's automobile industry will catalyse the Company's growth. The anticipated growth in economic outlook and strength of the network will see the growth of OEM and aftermarket businesses.

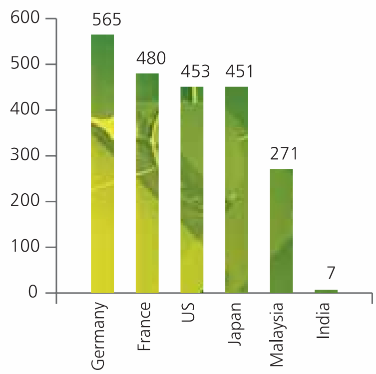
The Indian automobile industry is poised to grow for the following reasons:

Sectoral outlook

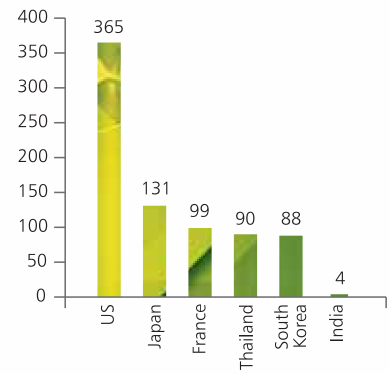
Passenger vehicles	Commercial vehicles	Two-wheelers
Implementation of Sixth Pay Commission, 20% salary hike of around 5.5 million government employees	Improving the country's road infrastructure	Escalating rural demand, relatively insulated from the liquidity crisis
Reduced fuel prices	Reduced rate of lending	Marginal reduction in lending rates for two-wheeler loans
Reduced excise duty followed by aggressive discount by all OEMs	Government subsidy to state transport agencies for the purchase of buses	Growing young earners with higher disposable incomes
Increased availability of finance and lower lending rates	Extension of the period of accelerated depreciation	Improved technology leading to fuel efficiency and comfort

Low vehicle penetration: India's low vehicle penetration provides an opportunity for growing automobile manufacturers; passenger vehicle and two-wheeler penetration per 1,000 people is as low as 7 and 43.

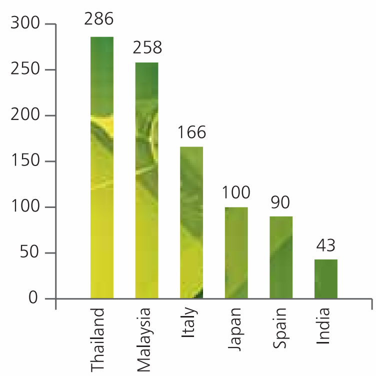
Passenger vehicle penetration (per 1,000 people)



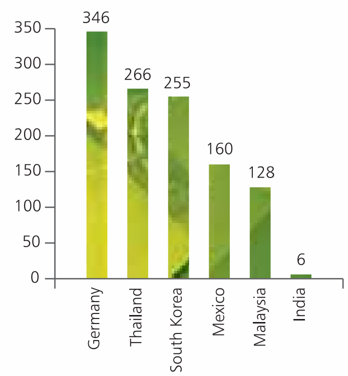
Commercial vehicle penetration (per 1,000 people)



Two-wheeler penetration (per 1,000 people)



Vehicles per mile



Robust automobile sector growth in five years is likely to drive India's replacement market growth.

Replacement market: Generally an automobile battery enjoys a three to three-and-a-half-year lifespan resulting in an attractive replacement market. Robust automobile sector growth in five years is likely to drive India's replacement market growth.

Hybrid vehicles: Hybrid cars are becoming popular worldwide following a growing concern over price volatility and depleting fossil-fuel reserves. These cars can be powered with multiple energy sources (gasoline, diesel, LPG and bio fuels); their ownership cost is also lower than conventional cars. In normal city driving conditions, hybrid cars offer an 8-10% cost advantage, making it an attractive segment.

E-Bikes: Although not popular yet, the e-bike segment is expected to grow over the next two years.

Supply chain management

Supply chain management – planning of operations, capital expenditure, raw material and components procurement and logistics for inbound raw materials and outbound finished products – sustains operations.

Planning of operations: During 2008-09, operational efficiency improved through various lean manufacturing concepts, which reduced non value-added tasks. Apt planning increased profitability through an optimal product mix in the light of medium and large VRLA capacity constraints. New planning tools enabled improvements in DOH and savings in overall inventory handling costs.

Capital expenditure: Well-defined equipment selection and procurement process ensured best-in-class equipment

Automobile production over the years

Category	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Passenger vehicles	723,330	989,560	1,209,876	1,309,300	1,545,223	1,777,583	1,838,697
Commercial vehicles	203,697	275,040	353,703	391,083	519,982	549,006	417,126
Three-wheelers	276,719	356,223	374,445	434,423	556,126	500,660	501,030
Two-wheelers	5,076,221	5,622,741	6,529,829	7,608,697	8,466,666	8,026,681	8,418,626
Grand total	6,279,967	7,243,564	8,467,853	9,743,503	11,087,997	10,853,930	11,175,479

[Source: SIAM]

sourcing at optimal costs. Enduring and strategic relationship with equipment vendors ensured reliable supply, better pricing and improvised features through constant knowledge sharing. The Company developed a domestic mould-maker to cater to its various mould requirements at attractive costs and required quality standards.

Raw material procurement: The key input and major cost element in battery manufacture is lead and lead alloys. Around 60% of the Company's lead requirement is sourced from Australia and Korea. The Company enjoys reliable supply arrangements with major lead suppliers linked to the LME average monthly price. During 2008-09, lead prices peaked at USD 2,823 per tonne in April 2008 and dipped to USD 963 per tonne in December 2008. To mitigate supply risks and address price volatility, ARBL formulated a multi-pronged strategy:

- Entered into annual contracts for 90% of the estimated quantity
- Strengthened its process for junk collection and conversion
- Improved pay terms with suppliers and included price variation clauses
- Developed alternative sources for pure lead and alloys
- Explored options for synergies in procurement with JV partner

Logistics: During 2008-09, the Company optimised costs through the following initiatives:

- Improved truck loading factor through better planning
- Redesigned packages, facilitating increased utilisation of trucks
- Initiated Six Sigma projects, optimising costs

Quality systems

- The Company developed a quality culture by improving the performance of its quality management and environmental management systems by demonstrating continual improvements
- Maintained ISO/TS 16949:2002 and ISO 14001:2004 certification for all plants including Motor Cycle/Small VRLA battery plant (achieved ISO/TS 16949 in January 2009 and ISO 14001 in May 2009)
- Focused on Six Sigma program, developing many green belts and black belts for scientific way of problem solving and thereby:
  - Increased customer satisfaction, maintaining PPM rejection at 50 ppm
  - Maintained Ford Q1 status and received Materials Management Operations Guidelines (MMOG) certification from Ford for streamlined operations that matched Ford's specific requirements
  - Received first prize in a CII Six Sigma competition
  - Conserved resources and reduced wastage, reusing 160 kl of treated water

in gardening and green belt area daily

Road ahead

- Sustain and improve existing quality parameters
- Introduce TQM culture across the organisation
- Achieve OHSAS certification for all units

Research and development

The Company's research and development creates futuristic energy solutions, enhancing customer satisfaction by offering an unmatched price-value proposition through customised product innovation. The team at ARBL focuses on technological excellence, creating products in compliance with exacting global standards while meeting stated and implied customer needs.

Product development

In 2008-09, the team developed unique products that addressed niche needs.

Front Terminal Access (FTA) batteries: This pioneering initiative optimised space utilisation, accelerated installation speed and enhanced scalability in powering telecom networks. The new FTA product line enables ARBL to offer superior product range to domestic as well as international telecom service providers. This new product will be launched in 2009-10.

Sleeper coach batteries: The team extended the VRLA technology that has been used successfully in air-conditioned railway coaches over the last 14 years to sleeper coaches, through specially designed batteries.

Micro hybrid batteries: The team collaborated with a joint venture partner to develop superior automotive starter batteries for next-generation fuel-efficient micro-hybrid vehicle platforms.

Product and process improvements

The team upgraded its products to match growing client requirements.

Medium VRLA: The team strengthened

The Company's research and development creates futuristic energy solutions, enhancing customer satisfaction

the power of its batteries to accommodate multiple power-outages in a day.

Range increase: The growing demand for UPS batteries, across multiple applications, necessitated the introduction of new variants from 100 Ah capacity to 200 Ah capacity.

Process improvements: The team continuously improved the process and manufacturing technology by partnering with pioneering national research institutions like CECRI, Karaikudi.

Road ahead

The team will focus on product-process innovation in the following areas:

Hybrid batteries: The team monitors domain-specific technologies and innovation to enhance exposure in this segment. It is working closely with JV partner as well as OE customers to bring world-class hybrid battery technology solutions to India.

Motive power: The team expects to capitalise on the growing opportunities in this segment by introducing best-in-class technology products for motive power applications.

Human resources

The Company's strong HR thrust is reinforced through a balanced strategy comprising continuously enhanced employee engagement, development and performance. Several programmes align its HR objectives with the organisation's business strategy. The Company is recognised for its strategy by Employer Branding Institute of India where it won the following awards:

- Regional award for 'Best HR Strategy in line with Business'
- Regional award for 'Continuous Innovation in HR Strategy at Work'

The organisation remains young with the average age of employees as 31 years as on March 31, 2009. The total number of employees on the Company's payroll as on March 31, 2009 was 2,111.

Talent acquisition

The exclusive Talent Acquisition Cell focuses on acquiring talent across the organisation. The leadership team holds the primary responsibility of building functional teams.

To infuse fresh talent and for grooming the leadership pipeline at all levels, a unique program called Nava Prathibha has been implemented. Nava Prathibha covers workmen, staff and management levels through the following programs,

ARTS: Amara Raja Training Scheme (ARTS) is a two-year training (classroom and on-job engagement), leading to Amara Raja Certification. The certificate holders are free to apply to companies other than Amara Raja Batteries Limited. Thus, it contributed to society by making youth employable. The Company recruited around 800 shop floor members through this programme in 2008-09.

ARGTP: Amara Raja Graduate and Technician Training Programme (ARGTP) recruited trainees and graduates for clerical positions while diploma holders were recruited for shop floor and field at technician levels.

ARGMP: The Company recruits fresh talent at the management level through the Amara Raja Graduate Management Program for management and engineering trainees. The Company recruits around 5% of its management team annually from Tier III colleges across six states spanning South and West India.

AReInduction

The Company's intranet based e-induction enables the 'on-boarding process' that a new employee is required to complete within three days of joining. It is designed with quizzes and interactive content to ensure faster alignment with the organisation.

The program has separate modules on Amara Raja Group, for all the companies in the Group, CSR and a separate module dedicated to people development. The modules are structured to familiarise the new recruit with the Company's different products, processes and milestones.

Learning and development

Amara Raja Training and Development Calendar (ARTDC) captures the training needs of people at all levels and anchors training programs. ARTDC integrates the needs arising out of performance

appraisals, TQM and TPM initiatives. Employees are nominated for specialised training organised by premier management institutes.

Innovation

The Company recognises 'innovation' as its core competence and strives to develop it as an organisational competence, organising focussed training programs and interventions on innovation for all employees in the management grade.

Employee engagement

The Company's endeavour to get closer to employees started with the launch of 'AR-Speak' survey, comprising 19 dimensions in March 2008. The

aggregation of perception resulted in an 'employee engagement' base line score of 76.8%. AR-Speak Movement, a well-structured and widely participated continuous cycle of change, was drawn up to sustain change.

HR portal

ARG-HR portal, the employee's intranet portal, serves as a window for HR to the organisation with updated information on important events, milestones and details of policies. The portal has an active learning forum, an interactive facility to give feedback or make enquiries that are monitored closely and responded to immediately

Information technology

The Company continues to emphasise on information technology for operational gains. Information technology is an important driver of strategic growth and initiatives.

Major IT initiatives

- The Company engaged one of the leading Indian IT consulting firms to provide an IT roadmap for the next three years, covering applications, infrastructure, organisation structure and overall framework for information technology.
- The Company, based on recommendations, evaluated various ERP systems and chose SAP. The package is comprehensive and includes business objects (BI tool), advanced planning and CRM modules. The Company also finalised an implementation partner called Seal Info Tech Limited.
- The new ERP is expected to go live in FY10, connecting all locations.
- As a part of the IT infrastructure revamping exercise, more robust and improvised switching and voice equipment were procured and are being installed.
- A major telecom service provider was awarded a contract to install redundancy link connecting all major locations.

Finance

Analysis of financial statements

- Revenue growth – 21%
- EBIDTA growth – 15% (EBIDTA margin – 15.75%)
- PBT growth – 8.62% (PBT margin – 11.75%)
- EPS – Rs. 9.42
- Return on capital employed – 20%
- Return on net worth – 22%

Note: Growth and margins exclude forex loss/gain

Revenue

Gross revenue from operations crossed the Rs. 15,000 million mark. The net revenue grew 21% from Rs. 10,833 million to Rs. 13,177 million, despite a sharp fall in lead prices. The increase in revenue was driven by exceptional volume growth in large and medium VRLA batteries, supported by capacity expansions and better price realisation in automotive and industrial businesses. Despite declining automotive sales and low consumer confidence, the automotive battery business maintained its market share and supported the Company's revenue growth. Revenue growth was also fuelled by the introduction of 'Amaron Pro Bike Rider™' motor cycle batteries. The overall growth in volume, excluding the motor cycle business, was 25% during the year. Export revenue stood at Rs. 440.54 million in FY2009 against Rs. 402.94 million in FY2008.

Other income: Other income increased 43%, from Rs. 56.39 million in 2007-08

Gross revenue from operations crossed Rs. 15,000 million mark.

Finance:

Rs. Million

Parameters	2008-09	2007-08
Revenue	13,177	10,833
Other income	81	56
EBIDTA(excluding forex loss/gain)	2,076	1,800
Profit before tax (before forex loss/gain)	1,549	1,426
Profit before tax (PBT)	1,227	1,459
Profit after tax (PAT)	805	944
Earnings per share (Rs.)	9.42	11.05

to Rs. 80.56 million in 2008-09, owing to an increase in interest and dividend income (Rs. 7.76 million), claims receivable (Rs. 25.20 million), refund of electricity charges (Rs. 13.75 million), increase in scrap sales (Rs. 6.14 million) and recovery of bad debts and other sundry incomes. The previous year's other income included Rs. 33.50 million foreign exchange gains.

Cost analysis

The material consumption (net of traded goods), as a percentage of sales, was at 65% both in FY2008 and FY2009. Although there was a fall in lead prices during the year, the annual average lead base for consumption was closer to the previous year's lead base. This was due to a time lag between LME and the Company's consumption lead base, arising out of a procurement pricing methodology and import time. Further, rupee depreciation against USD also impacted the landed input cost.

Employees cost increased 26% from Rs. 408 million to Rs. 516 million, driven by an increase in the employee base with the commissioning of new product lines, expanded capacities and an annual salary increase. The employees' cost increased 15 basis points from 3.77% of net sales in FY2008 to 3.92% in FY2009.

Manufacturing expenses increased from Rs. 413 million to Rs. 488 million (18%) owing to enhanced volume of business, provision for low voltage surcharge claim (Rs. 25.08 million) from Andhra Pradesh Southern Power Distribution Company Limited, higher equipment repairs and maintenance cost accruing from TPM initiatives and infrastructure consolidation arising out of new projects and expansions.

Selling and administrative expenses increased 24%, from Rs. 1,147 million to Rs. 1,419 million. The key components of the said increase were discounts, price protection and schemes offered in automotive after market business (Rs. 55 million) in lieu of price reduction, higher freight cost due to improved volume and increase in fuel cost (Rs. 69 million),

higher warranty (Rs. 79 million) on a larger volume, corporate operations office relocation expense (Rs. 14 million) and contracted increase in field office and warehouse rentals (Rs. 10 million).

During 2008-09, the Company provided Rs. 20 million towards doubtful and bad debts against Rs. 6.86 million in FY2008. The Company also provided Rs. 322 million as foreign exchange loss (Previous year: Rs. 33.50 million gain) arising out of rupee depreciation against USD on External Commercial Borrowing and Buyers' Credit foreign currency loans. The Company did not exercise the option of capitalising foreign exchange loss under amended AS11 with respect to long-term foreign currency borrowing.

Various capacity expansions and the commissioning of the motor cycle/small VRLA project increased the depreciation provision by Rs. 101 million. The interest cost on long term borrowing increased by Rs. 49 million for the same reason. However, despite an increase in the volume of operations, the working capital funding cost did not increase, aided by a deflation in lead prices and the Company's concerted effort to reduce receivables and inventory.

Margins

Profitability margins moderated in 2008-09, owing to a foreign exchange loss of Rs. 322 million due to the rupee's depreciation against the USD. The EBIDTA margin (excluding foreign exchange loss or gain) was down by 87 basis points to 15.75%. Net margin (profit after tax) declined 260 basis points from 8.71% to 6.11%. The reduction in margin was also due to a volatility in lead prices, slowdown in the automotive business and input cost increase due to rupee depreciation.

Sources of funds

Capital employed: The capital employed (net cash and investment in liquid funds) decreased marginally, from Rs. 6,150 million to Rs. 6,084 million as of March 31, 2009. During the year, net increase in fixed assets including capital work in progress was Rs. 904 million, reduction in net current assets (excluding cash) was Rs. 730 million and increase in cash and bank balances, including liquid investments, was around Rs. 500 million.

Own funds: The Company's net worth increased from Rs. 3,331 million as on March 31, 2008 to Rs. 4,056 million as on March 31, 2009, leading to a direct increase in the book value per share (Rs. 2 each) from Rs. 39 as on March 31, 2008 to Rs. 47 as on March 31, 2009. The book value per share was calculated on expanded capital arising out of a bonus issue during the year.

> The Company's net worth increased from Rs. 3,331 million as on March 31, 2008 to Rs. 4,056 million as on March 31, 2009

Equity: Equity share capital comprised 85,406,250 equity shares with a face value of Rs. 2 per share. Promoters held a 52.06% stake (26.06% by Galla family and 26% by Johnson Controls Inc, USA) in the Company while the rest was held by high net-worth individuals, institutional investors and the common public. During the year, the Company issued bonus shares (28,468,750 shares of Rs. 2 each) in the ratio of 1:2 (one share for every two shares held) by capitalising Rs. 56.94 million from general reserve to enhance liquidity and shareholders' wealth.

The Company's gross block grew 37.5% from Rs. 3,106 million as on March 31, 2008 to Rs. 4,271 million as on March 31, 2009

Reserves: The Company's reserves increased 21% from Rs. 3,217 million as on March 31, 2008 to Rs. 3,885 million as on March 31, 2009, largely due to a plough back of profits. Around 91.97% of the reserves comprise free reserves that could be deployed for funding growth initiatives. The Company retained a major part (close to 90%) of the year's earnings to fund capex and working capital needs.

External funds: The Company's loan portfolio decreased 10%, from Rs. 3,163 million as on March 31, 2008 to Rs. 2,859 million as on March 31, 2009. During the year, the Company borrowed Rs. 400 million (Rupee term loan) from the Bank of Nova Scotia to part fund the large VRLA battery capacity expansion project. The Company repaid Rs. 88 million to Citi Bank NA. The term loan repayment obligation for FY2010 is Rs. 374 million.

There was a substantial decrease in working capital funding to the tune of Rs. 831 million. Unsecured loans included an interest-free sales tax deferment of Rs. 567 million as on March 31, 2009 as against Rs. 455 million. The debt-equity ratio as of March 31, 2009 stood at 0.7:1 as against 0.95:1 as on March 31, 2008.

Application of funds

Gross block: The Company's gross block grew 37.5% from Rs. 3,106 million as on March 31, 2008 to Rs. 4,271 million as on March 31, 2009 due to commissioning of new facility for large VRLA battery (capacity expansion), completion of automotive batteries capacity expansion and motor cycle/small VRLA battery project (new project) in addition to the regular capex.

Working capital: The overall working capital requirement reduced during the year despite an increase in the volume of operations, owing to a deflation in lead prices. Decrease in lead prices and concerted efforts to reduce receivable and inventory holdings by the Company yielded the desired results with a substantial reduction in net current assets. The overall working capital cycle improved during the year.

Year-end inventory and receivables decreased from Rs. 1,943 million to Rs. 1,608 million and Rs. 2,265 million to

Rs. 2,078 million respectively. As on March 31, 2009 0.86% of receivables were doubtful in nature compared with 1.13% in the previous year. Charge to P&L due to provision for doubtful debt and bad debts was Rs. 20.20 million in 2008-09 as against Rs. 6.85 million in 2007-08. The sundry creditors increased from Rs. 808 million as on March 31, 2008 to Rs. 937 million as on March 31, 2009.

Income tax

Provision for taxation decreased from Rs. 516 million to Rs. 422 million owing to lower profitability impacted by a foreign exchange loss. The average tax rate for the Company worked out to 33% in 2008-09.

Foreign exchange exposure

Net foreign exchange exposure, as of March 31, 2009, was around USD 30 million, predominantly in the form of external commercial borrowing (ECB) and buyers' credit for import of lead and lead alloys.

Internal control

The Company possesses an adequate internal control system, commensurate with its size and nature of business, which provided for:

- Review of long-term business plans, annual plans 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 requirements, internal policies and procedures
- Audit at frequent intervals, carried out by an external audit firm, covering all statutes and compliance requirements
- IT systems with adequate in-built controls and security

The Company availed the services of an external audit firm to carry out a periodical internal control review and audit. The audit findings and management responses were placed before the Audit Committee for review and guidance.

Mapping and managing uncertainties

What is risk?

Risk represents uncertainties and adversities that could have a material impact on the performance and prospects of a company. A responsible corporate identifies, assesses and takes proactive measures to minimise or eradicate the potential loss arising from exposure to particular risks and maximise returns.

How ARBL is countering risks associated with the business?

The Company's comprehensive risk management model encompasses a culture of strict norms, reporting and control for effective implementation. The risk management policy is attuned to the Companies strategic direction.

Risk related to the industrial batteries business

Division dependence risk

Overdependence on a particular division could be detrimental to business growth, especially in times of economic slowdown.

Risk relevance to ARBL

Around 60% of the total revenue from the industrial batteries business is derived from the telecom sector.

Risk mitigation

- Mobile telephony penetration is 38% in India and around 60% in China, indicating room for growth.
- Semi-urban and rural mobile penetration is 12% currently and is expected to touch 25% by 2012
- Investment in fixed line telephony is expected to touch USD 3.2 bn by 2012 *(Source: Frost and Sullivan)*
- Other segments (railways, power, BFSI and government bodies) provide attractive growth opportunities

Operations risk

Inefficient operations could impact profitability

Risk relevance to ARBL

Operating capacity doubled from 450 to 900 million Ah.

Risk mitigation

- Integrated expanded capacity with existing capacity without interrupting production, and increased capacity utilisation to more than 90% in 2008-09
- Implemented various projects under Six Sigma, TPM and TQM, enhancing efficiency and reducing cost
- 'Insfire' programme (continuous improvement initiative) will enhance productivity, reduce wastage, optimise energy and improve product quality

Risk related to the automotive batteries business

Industry risk

A downturn in the user industry could impact growth.

Risk relevance to ARBL

Around 50% of the Company's revenue is derived from the automotive business.

Risk mitigation

- Despite global economic slowdown, the Indian automobile industry grew 2.96% and automobile exports grew 23.61% in 2008-09.
- The Company emerged as a preferred vendor among quality-conscious OEM players. In 2008-09, it secured approvals for several new platforms of discerning OE players.
- The Company's share in OE business is only 28%, prone to volatility.
- The Company focuses more on the aftermarket, directly and indirectly, through private labelling and continues to explore export opportunities.

Competition risk

Competition could dent profitability

Risk relevance to ARBL

Both business make significant contributions to profitability.

Risk mitigation

- Partnership with JCI, a leading global automotive battery manufacturer, provided technological superiority to the Company
- Quality certifications (ISO 9001:2000, QS 9000 and TS 16949) enabled the Company to emerge as a preferred business partner for discerning customers in the industrial and automotive battery business
- Pan-India reach (largest in the automotive battery segment) enables the Company to capitalise on emerging opportunities
- First-of-its-kind tie-up with Maruti, under the Maruti Genuine Battery Program, for aftermarket battery sales through the Maruti service network provides a sizeable business opportunity
- Tied-up with TATA International Limited for marketing batteries in under-penetrated African markets
- Launched a pioneering 60-month warranty VRLA battery for the motor cycle sector, strengthening the Company's presence in the automobile sector.

Risk related to sales and marketing

Distribution risk

The Company may not be able to reach prospective consumers.

Risk relevance to ARBL

The channel business, both in automotive and industrial business, accounted for 50% of the Company's topline in 2008-09.

Risk mitigation

- Automotive battery distribution network comprised 189 franchisees, 18,000 retailers (Amaron®) and 600 PowerZone™ retail outlets, addressing rural and semi-urban markets across India
- Medium VRLA battery distribution network had 70 AQUA channel partners across India
- The Company's 21 branch offices monitor product distribution from 28 warehouses across the country.

Branding risk

The Company's batteries may not enjoy a high brand recall among consumers.

Risk relevance to ARBL

In the aftermarket, especially in the passenger vehicles segment, consumers are brand conscious.

Risk mitigation

- Recruited reputed international racers like Narain Karthikeyan, Karun Chandok, Arman Ibrahim and Aditya Patel as brand ambassadors
- Initiated innovative ATL and BTL promotion campaigns including motor sports
- Organised free automobile electrical check-up camps

Risk related to the corporate level

Funding risk

The Company may not be able to mobilise funds at competitive rates.

Risk relevance to ARBL

The Company plans to invest Rs. 900 million during FY2010.

Risk mitigation

- The Company's debt-equity ratio was 0.7:1, a considerable improvement over the previous year.
- The Company ploughed back 90% of the profit to fund business growth.
- AA-/Stable/P1+ rating will enable low-cost fund mobilisation

Risk related to the corporate level

Working capital management risk

The Company may not be able to mobilise adequate funds for day-to-day business.

Risk relevance to ARBL

The Company expanded capacities in both business, requiring additional working capital.

Risk mitigation

- The Company utilised less than 50% of its sanctioned working capital limits during 2008-09.
- Cash and cash equivalents, as on March 31, 2009, was Rs. 1000 million
- The Company incentivised dealers for prompt payments.
- The Company's TPM projects reduced inventory.

Raw materials risk

The Company may not be able to source quality raw material at reasonable costs.

Risk relevance to ARBL

The Company's key raw material (lead) accounted for 73% of total material cost.

Risk mitigation

- The Company contracts annual requirement from domestic and global suppliers.
- The Company enjoyed a preferred customer status and secured preferential allotment of quantity and quality.
- The Company's sourcing alliance with JCI's procurement team enabled knowledge sharing in the area of best raw material procurement practices.

People risk

The Company's failure to attract and retain talent could be detrimental.

Risk relevance to ARBL

The Company needs to retain and recruit human resource to manage growth.

Risk mitigation

- The Company initiates different recruitment programmes.
- The Company trains employees in skill enhancement.
- The Company provides attractive career opportunities.
- The Company empowers employees and provides attractive compensation.

Empowering the society

The Company has plans to start ITI, Junior College and Polytechnic in the coming years.

THE COMPANY HAS INITIATED & INVESTED IN VARIOUS PROGRAMS TO UPLIFT THE LIVING CONDITIONS OF THE PEOPLE AROUND ITS PLANT AND IN ITS NEIGHBOURHOOD OF ITS BUSINESS OPERATIONS. THE COMPANY HAS IDENTIFIED THE FOLLOWING KEY AREAS FOR ITS SOCIAL CONTRIBUTIONS

Education

Two schools, one in Karakambadi meant for children of Amara Raja employees and one in Petamitta meant for village children as well. Both the villages are in close proximity to the Company and are within the purview of community affected by the Company's operations. The Company has plans to start ITI, Junior College and Polytechnic in the coming years. It Plans to open an ITI to create employment opportunity for the people in and around the village and thereby increase the local employability. The employees of the Company through their voluntary contributions are providing scholarship to talented but economically backward students of the District by sending their donations to a trust formed by the Company.

Health

Year 2008-09 witnessed the opening of two hospitals, one veterinary and one PHC through the efforts of the Company. The Company provided the necessary infrastructure for these hospitals. The veterinary hospital is operating with one live stock assistant and one attendant and the PHC hospital is operating with one doctor and one nurse at present. This year the Company intends to upgrade the PHC with inpatient facilities and specialist doctors.

Infrastructure

The Company through its CSR agency trusts, constructed bank and telephone exchange buildings. Apart from these activities, these trusts have also constructed bus shelters, toilet blocks and visitor's room in addition to creating such other community facilities for the use of general public, like laying of roads etc.

Village development

ARBL has taken major initiatives for the development of the surrounding villages that include construction of roads, rainwater storage tanks, and supply channels among many others. The Company has encapsulated all these initiatives under the program named "Grameena Vikasham"

Agriculture

Every year Chittoor district, where the Company's main business thrives, receives erratic rainfall. To help the farmers of the region, on better cultivation, the Company has constructed check dams and deepened existing dams. This helped to enhance the ground water level in that area leading to an increased availability of water for irrigation.

The Company has provided employment and housing to 40 socially backward families in the community.

Environment

Green Cover: Collector of Chittoor district allotted 250 acres of barren hillock to the Company's CSR agency Trust for converting it into a green field. This Green Cover activity development will be executed jointly with Social Forest Department, Government of Andhra Pradesh. The Company plans to plant 50000 plants over a period of 5 years and last year around 9000 plants were planted.

Total Community Expenditure

The Company has provided employment and housing to 40 socially backward families in the community.

The total amount spent by the trust on the above activities as of today is in excess of Rs. 4 crore.

Irrigation

The Company through its CSR agency trust has constructed 22 check dams and supply channels including deepening of existing check dams in the rain starved Chittoor district, which enhanced ground water levels benefiting the farmers of 15 to 20 villages in 3 mandals of Chittoor district.

Employment

ARBL is committed to contribute its best to enhance the living conditions of the villagers in the neighbourhood of its manufacturing units by creating employment opportunities. This includes providing industrial training to the eligible villagers and recruitment of the qualified trainees. It has increased the establishment of number of PowerZone™ outlets in rural markets to 600 during 2008-09 creating additional employment opportunity for people in rural areas.

Amaragaon

ARBL continued with its venture Amaragaon, a scheme adopted by the Company to bridge the digital divide in rural India and opened rural internet centres with an NGO named Dristee in four states. Through this initiative the rural population is empowered with IT and is provided with multiple earning opportunities, which includes better marketing for their products.

Donations made by the Company for CSR activity

Sl.No	Financial year	Total in Rupees
01	2004-05	21,90,000
02`	2005-06	36,25,476
03	2006-07	59,48,000
04	2007-08	1,08,73,000
05	2008-09	1,36,69,200
	Total	3,63,05,676

Ten Years Performance - At A Glance

(Rs. Million)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Production (Nos)	**5,070,387**	4,194,960	3,116,954	2,129,491	1,230,974	944,632	735,754	604,949	382,774	247,039
Sales (Nos)	**5,029,394**	4,121,017	3,083,573	2,117,664	1,222,943	947,658	709,957	580,369	378,153	244,992
Gross Sales	**15,839.54**	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
Net Sales	**13,177.23**	10,833.26	5,958.02	3,636.71	2,199.16	1,635.51	1,607.41	1,518.18	1,259.44	1,080.50
Profit before Depreciation, Interest and Tax	**1,754.52**	1,833.14	912.94	533.91	273.57	136.33	238.12	338.08	308.94	320.11
Profit before Depreciation & Tax	**1,572.15**	1,703.83	882.01	520.47	272.12	134.57	234.34	331.41	303.47	316.49
Profit Before Tax	**1,226.59**	1,459.38	711.98	373.46	135.81	11.52	117.34	247.35	235.14	263.83
Profit After Tax	**804.79**	943.63	470.43	238.47	86.90	13.90	74.01	182.23	205.32	195.36
Equity Capital	**170.81**	113.88	113.88	113.88	113.88	113.88	113.88	113.88	113.88	102.73
Reserves and surplus	**3,885.05**	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
Net Worth	**4,055.86**	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
Gross Block	**4,270.94**	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
Net Block	**3,209.29**	2,545.92	1,629.97	1,091.70	961.52	1,001.40	1,087.12	1,094.72	733.80	616.83
Book Value per Share (Rs.)	**47.49***	58.50**	42.80**	176.76	158.66	153.32	144.82	139.41	140.77	135.64
Earnings per Share (Rs.)	**9.42***	16.57**	8.26**	20.94	7.63	1.22	6.50	16.00	19.64	19.02
Dividend (%)	**40**	35	35	25	20	15	15	35	35	30

* Consequent to the issue and allotment of bonus shares in the ratio of one share for every two shares held (1:2) the outstanding number of shares as on March 31, 2009 has increased and hence the EPS for year 2008-09 is not comparable with that of the previous years.

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

Corporate Information

Board of Directors

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

Shu Qing Yang

Raymond J Brown

P. Lakshmana Rao

Nagarjun Valluripalli

N. Sri Vishnu Raju
(w.e.f. August 14, 2008)

T.R. Narayanaswamy
(w.e.f. June 01, 2009)

Frank E. Kraick
Alternate Director to
Mr. Raymond J Brown

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
Bank of Nova Scotia, Coimbatore

Registered Office

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

Corporate Operations Office

5th Floor, Astra Towers,
12P, Kondapur, Hitech City,
Hyderabad - 500 038

Registrar and Share Transfer Agents

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

Directors' Report

Your directors have pleasure in presenting their report together with the audited accounts for the financial year ended March 31, 2009.

Financial Results

(Rs. Million)

Particulars	For the year ended	
	March 31, 2009	March 31, 2008
Profit after tax	804.78	943.63
Add: Profit brought forward from last Year	1,928.43	1,125.79
Profit available for appropriation	2,733.22	2,069.42
Appropriation		
General Reserve	80.48	94.36
Dividend (including dividend tax)	79.94	46.63
Surplus carried to Balance Sheet	2,572.80	1,928.43

Performance

The Company's gross sales crossed Rs. 15,000 million mark for the first time and closed at Rs. 15,839.54 million as against Rs. 13,500 million during previous year. The net sales for the year ended March 31, 2009 was Rs. 13,177.23 million showing a growth of 21%, despite the slowdown in the automobile sector, drop in lead prices and the steep rupee depreciation which impacted our growth. The Profit Before Tax was Rs. 1,226.59 million after providing for a sum of Rs. 322 million towards foreign exchange loss (both cash and notional) due to depreciation of rupee against US Dollar. The Profit After Tax was Rs. 804.78 million as on March 31, 2009.

The Company considered it prudent to provide for the forex losses in full, though the recent amendment in Accounting Standard-11 (AS-11) allows companies to spread the losses over a period of three years i.e., upto March 2011.

The industrial battery division continued its growth momentum aided by telecom and UPS segments. During the year, the manufacturing capacity of Large VRLA battery (Powerstack™) has been doubled to 900 Million Ah. Also, the project to enhance Medium VRLA battery (Quanta™) capacity by 50% has already been initiated. The Company continues to enjoy preferred supplier status with leading telecom operators and UPS manufacturers. The division clocked a compounded growth rate of 50% over the last four years.

The automotive battery division's growth was in line with the industry growth. The division has maintained the market share in both the businesses – OEM and After Market. During the year the Company tied up with Maruti Suzuki India Ltd for retailing Amaron® MGB (Maruti Genuine Battery) through Maruti Authorised Service Centres. Further, the division had also finalised an agreement with Tata International Ltd for export of automotive batteries to select African countries under Amaron® brand name.

During the year, the Company introduced motor cycle batteries (with VRLA technology) under the brand Amaron Pro Bike Rider™ which has been well accepted by the customers. The existing two wheeler and small VRLA battery capacity of 1.8 million units will be enhanced to 2.40 million units in FY10 to cater to the growing demand.

The Company expanded its Amaron® franchisee and retail network to 189 and 18,000 respectively, and consolidated its presence through 600 PowerZone™ outlets in semi-urban and rural locations.

Brand building initiatives through motor sport sponsorships helped the Amaron® brand to reach to the youth. Despite a slowdown in automotive industry in recent times, the Automotive Battery Division continues to progress ahead, enabled by its focus on channel building and realigned portfolio of product offerings.

A detailed discussion on both industrial and automotive battery businesses and its outlook is covered under Management Discussion & Analysis Report (MDAR) which is part of the directors' report.

Expansion

The Company's expansion programmes announced during the last three years have been going as per schedule. The large VRLA capacity enhancement from 450 million Ah to 900 million Ah was taken up and completed during FY09 with an investment of Rs. 630 million. The medium VRLA capacity which is being expanded by 50% from the existing level with a capital outlay of Rs. 560 million will be completed by FY10. The two wheeler and small VRLA capacity will also be enhanced from 1.8 million units to 2.4 million units with an investment of Rs. 650 million during FY10. All the expansion programmes which are being taken up during FY10 will be funded through internal accruals.

Finance

The Company's financial position continues to be comfortable with its debt equity ratio at 0.7:1. With the reaffirmation of credit rating (AA-/Stable and P1+) by CRISIL for our borrowing programmes and healthy internal cash generation, we are confident of meeting the funding requirement for the ongoing expansion programmes without major impact to the interest cost.

Dividend

Your directors have pleasure in recommending a dividend of Rs. 0.80 (40%) per equity share of Rs. 2/- each for the financial year ended March 31, 2009. The dividend will absorb a sum of Rs. 79.94 million inclusive of tax on dividend.

The register of members and share transfer books of the Company will remain closed from July 23, 2009 to July 30, 2009 (both days inclusive) for the purpose of determination of the members entitled for dividend. The annual general meeting of the Company is scheduled to be held on July 30, 2009 at 3.00 p.m. at the Registered Office of the Company.

Bonus Shares

During the year under review the Company had issued and allotted 28,468,750 fully paid equity shares of Rs. 2 each in the ratio of 1:2 (i.e. 1 share for every 2 shares held). The bonus shares were listed on both The Bombay Stock Exchange Limited and National Stock Exchange of India Limited after obtaining necessary approvals. Consequent to the bonus shares issue, the paid up share capital of the Company stands increased to Rs. 170.81 million.

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. 80.48 million to general reserve out of the profits earned by the Company. A sum of Rs. 2,572.80 million is proposed to be retained in the Profit and Loss Account.

Awards & Recognitions

During the year the Company was recognised for its new strategy and quality initiatives by various institutions. The Company was recognised for HR strategy by Employer Branding Institute of India with two regional awards for "Best HR Strategy in line with Business" and "Continuous Innovation in HR Strategy at Work"

The Company received 'Corporate Excellence Award in Marketing' for its marketing initiatives from Amity Business School, Noida. The Company was also recognised for its Six Sigma initiative, to increase ball mill productivity through process optimisation, by Confederation of Indian Industry (CII) with an award on an all India basis.

Directors

In accordance with the provisions of the Companies Act, 1956 and Article 105(a) of the Articles of Association of the Company, Dr. Ramachandra N Galla and Mr. Raymond J. Brown, are liable to retire at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Mr. Ravi Bhamidipati resigned from the board with effect from July 25, 2008.

Dr. G. Ramadevi and Mr. Frank E. Kraick resigned with effect from August 14, 2008.

Mr. Frank E. Kraick was appointed as an alternate director to Mr. Raymond J. Brown with effect from August 14, 2008.

Mr. N. Sri Vishnu Raju was appointed as an independent director with effect from August 14, 2008.

Mr. T. R. Narayanaswamy was appointed as an independent director with effect from June 01, 2009.

Mr. Rohit Kochhar who was appointed as an alternate director to Mr. Shu Qing Yang vacated office in terms of the provisions of Section 313 of the Companies Act, 1956.

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

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 & Loss Account for the financial year ended March 31, 2009 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 and 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 the necessary resolution is being placed before the shareholders for their re-appointment 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 2008-09.

The Company has appointed Mr. A.V.N.S.Nageswara Rao as the Cost Auditor of the Company, subject to the approval of Central Government for the financial year 2009-10.

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 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 205A(5) of the Companies Act, 1956, the unclaimed dividend relating to the financial year 2001-02 is due for remittance on September 19, 2009 to the Investor Education and Protection Fund established by the Central Government pursuant to section 205 C of the Companies Act, 1956.

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, 2009.

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 employee 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 director's 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

The directors thank 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

Hyderabad
June 01, 2009

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, 2009

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

	2008-09	2007-08
A Power and Fuel consumption		
1 Electricity		
(a) Purchased		
Unit (Kwh)	86,219,983	67,171,204
Total amount (Rs.)	213,587,029	205,791,636
Rate / Unit (Rs.)	2.477	3.064
(b) Own generation		
(i) Through diesel generator		
Unit (Kwh)	72,080	74,937
Unit per litre of diesel	35.88	2.20
Cost/Unit (Rs.)	17.15	14.89
(ii) Through steam turbine / generator	-	-
2 Coal	-	-
3 Furnace oil	-	-
4 Others		
(a) LPG		
Units (Kgs)	191,420	220,405
Amount (Rs.)	9,279,930	9,339,650
(b) Acetylene - Commercial units		
(Cubic Mtrs)	22,553	19,584
Amount (Rs.)	3,779,660	2,799,689
(c) Oxygen units (Cubic Mtrs)	45,850	39,456
Amount (Rs.)	937,863	760,019
B Electricity consumed in Kwh per lakh of Ampere hour produced	4,540	4,172

Form B

Technology absorption

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

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

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

- Developed and commercialised two wheeler flooded batteries.
- Developed and commercialised compact FTA (Front Terminal Access) batteries for telecom segment.
- Developed and commercialised long life VRLA batteries for railway rolling stock and train lighting application.
- Designed and developed new low cost label for automotive and Quanta™ batteries.
- Improved productivity through formation cycle time reduction.
- Improved productivity by dump and refill technology for automotive batteries.
- Improved productivity by cycle time in injection molding process.
- Reuse of plastic material in injection molding process.

03. Future plan of action:

- Development of alternative grid technologies for use in automotive application batteries.
- Development of Sealed batteries for Passenger cars.
- Design and development of specific batteries for EV application.

- Design and development of long life industrial batteries for Telecom and Power control application.
- Improving the Charge acceptance of VRLA batteries.
- Improving the reuse and recycling methods in the manufacturing process.

04. Expenditure on R&D (Revenue & Capital) during 2008-09

(Rs. Million)

Sl.No	Particulars	2008-09	2007-08
1	Capital	1.509	4.648
2	Recurring	8.823	8.664
	Total	10.332	13.312
	Total R&D expenditure as percentage of total turnover	0.07%	0.10%

Technology absorption, adaptation and innovation

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

- Developed flooded batteries for Motor cycle applications.
- Developed semi automated bush molds for automotive application.
- Improved productivity by dump and refill technology for automotive batteries.

02. Benefits derived as a result of the above efforts:

- Cost reduction
- Environmental protection
- Energy conservation
- Enhanced performance and reliability of the product
- Enhanced market share
- Foreign exchange earnings
- Penetration into newer markets
- Resource saving

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 and 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

Form C

Total foreign exchange used and earned:

(Rs. Million)

Sl.No	Particulars	2008-09	2007-08
1	Foreign exchange used	4,056.75	3,820.12
2	Foreign exchange earned-sales	440.54	402.94

On behalf of the Board

Hyderabad
June 1, 2009

Dr. Ramachandra N Galla
Chairman

Corporate Governance Report

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

1. Company's Philosophy on Corporate Governance

Corporate Governance comprehends that structure of relationships and corresponding responsibilities among a core group consisting of shareholders, board members, corporate managers designed to 'best' foster the competitive performance required to achieve the corporation's primary objective'. Corporate Governance is concerned with wider accountability and responsibility of the directors towards 'key' stakeholders of the companies, viz., employees, consumers, suppliers, creditors and the wider community. The principal characteristics of effective corporate governance are transparency, protection and enforcement of the rights of all shareholders and competent professional directors who can formulate strategy, prepare business plans and fairly take decisions, and capable of independently hiring, monitoring, evaluating and replacing management, as and when required.

In Amara Raja, Corporate Governance philosophy stems from our belief that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence and accordingly the Corporate Governance philosophy has been scripted as under :

"As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success."

2. Board of Directors

i) The board has seven members, out of whom one is executive director and six are non-executive directors. The Chairman Dr. Ramachandra N Galla, is a Non-Executive Chairman and the promoter of the Company. The Chairman being promoter and also related to Mr. Jayadev Galla, the Managing Director of the Company, the composition of the board should be such that one-half of the board of the Company shall consist of Independent Directors, as required in terms of Clause 49 I (A) of the Listing Agreement.

The Company has appointed Mr. T. R. Narayanaswamy as an Independent Director effective from June 1, 2009 and complied with the requirements of Clause 49 I(A) of the Listing Agreement.

ii) No director on the Board is a member of more than 10 committees or chairman of more than five committees across all the listed and unlisted public companies in which he is a director. Necessary disclosure regarding Committee positions in other public companies as on March 31, 2009 have been made by the directors.

iii) The names and categories of the director on the board, their attendance at board meeting held during the year and the number of directorships and committee chairmanships/ memberships held by them in other companies are given herein below.

Other directorships do not include alternate directorships, directorships of private limited companies, section 25 companies and foreign companies. Chairmanship/membership of board committee includes only audit committee and shareholders/ investors grievance committee.

(a) The composition and category of the Board of Directors as at March 31, 2009 and the number of other Directorships/ Committee memberships held by them are as under:

Sl. No.	Name of Director	Category	Number of Board Meetings during the year 2008-09		Whether attended last AGM held on August 14, 2008	Number of Directorships in other public companies	Number of committee positions held in other public companies	
			Held	Attended			Chairman	Member
1	Dr. Ramachandra N Galla	Promoter/ Non-Executive Chairman	6	6	Yes	5	Nil	Nil
2	Mr. Jayadev Galla	Promoter/ Managing Director	6	6	Yes	4	Nil	Nil
3	Mr. Raymond J. Brown	Non-Executive Director	6	4	Yes	Nil	Nil	Nil
4	Mr. Shu Qing Yang	Non-Executive Director	6	3	Yes	Nil	Nil	Nil
5	Mr. P. Lakshmana Rao	Independent, Non-Executive Director	6	6	Yes	Nil	Nil	Nil
6	Mr. Nagarjun Valluripalli	Independent, Non-Executive Director	6	6	No	1	1	Nil
7	Mr. N. Sri Vishnu Raju	Independent, Non-Executive Director	6**	3	N.A. Appointed after the AGM	3	Nil	Nil
8.	Mr. Frank E. Kraick***	Alternate Director to Mr. Raymond J. Brown	–	–	N.A.	Nil	Nil	Nil

* Sl. Nos. 3 and 4 are nominee directors of Johnson Controls Inc., (Persons acting in concert)

** Appointed as Additional Director w.e.f. August 14, 2008.

*** Appointed as an Alternate Director to Mr. Raymond J. Brown w.e.f. August 14, 2008.

(b) Changes in the composition of the Board during the year 2008-09.

Sl. No.	Name	Date of Appointment	Date of Cessation
1.	Mr. Ravi Bhamidipati	January 29, 2005	July 25, 2008
2.	Mr. Frank E. Kraick	January 22, 2008	August 14, 2008
3.	Dr. G. Ramadevi	June 22, 2007	August 14, 2008
4.	Mr. N. Sri Vishnu Raju	August 14, 2008	–
5.	Mr. Frank E. Kraick *	August 14, 2008	–
6.	Mr. Rohit Kochhar **	January 14, 2008	January 27, 2009

*Mr. Frank E. Kraick ceased to be Director with effect from August 14, 2008. Subsequently he was appointed as Alternate Director to Mr. Raymond J. Brown with effect from August 14, 2008.

**Mr. Rohit Kochhar (who acted as Alternate Director to Mr. Shu Qing Yang) ceased to be an Alternate Director w.e.f. January 27, 2009 in terms of Section 313 and its related provisions of the Companies Act, 1956.

(c) Details of shareholdings of directors as on March 31, 2009

Sl. No.	Names	No. of shares held
1.	Dr. Ramachandra N Galla	6,397,537
2.	Mr. Jayadev Galla	6,410,992
3.	Mr. Raymond J. Brown	Nil
4.	Mr. Shu Qing Yang	Nil
5.	Mr. P. Lakshmana Rao	Nil
6.	Mr. Nagarjun Valluripalli	1,500
7.	Mr. N. Sri Vishnu Raju	Nil

(d) Details of directors seeking re-appointment

Dr. Ramachandra N Galla and Mr. Raymond J. Brown, directors, retire by rotation at this Annual General Meeting and are seeking reappointment.

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

The Board of Directors met 6 (Six) times during the financial year 2008–09 and the gap between any two consecutive meetings did not exceed four months. The dates on which the meetings of the board were held during the year are as follows.

Sl. No.	Date	Day	Venue
1	April 11, 2008	Friday	Chennai
2	June 24, 2008	Tuesday	Monterrey, Mexico
3	July 25, 2008	Friday	Hyderabad
4	August 14, 2008	Thursday	Tirupati
5	October 30, 2008	Thursday	Hyderabad
6	January 27, 2009	Tuesday	Hyderabad

All necessary information which is required to be placed before the board as stipulated in Annexure 1A to Clause 49 of the Listing Agreement were placed before the board for its review and consideration.

3. Board Committees

A. Audit Committee

i) Overall purpose/objective

The role 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 audit of the Company's financial statements.

ii) 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.

iii) Composition & Meetings

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

Sl. No.	Name	Category	Number of meetings during the year 2008-09	
			Held	Attended
1	Mr. P. Lakshmana Rao, Chairman	Independent, Non-Executive	5	5
2	Mr. Nagarjun Valluripalli, Vice Chairman	Independent, Non-Executive	5	5
3	Mr. N. Sri Vishnu Raju	Independent, Non-Executive	5*	2
4	Mr. Ravi Bhamidipati	Independent, Non-Executive	5**	1
5	Mr. Rohit Kochhar	Alternate Director to Mr. Shu Qing Yang	5***	1

* Appointed as an Additional Director w.e.f. August 14, 2008.

** Ceased to be Director w.e.f. July 25, 2008.

***Ceased to be an Alternate Director w.e.f. January 27, 2009.

Change in the composition of Audit Committee during the year:

Sl. No.	Name	Date of Appointment	Date of Cessation
1.	Mr. Ravi Bhamidipati	December 20, 2005	July 25, 2008
2.	Mr. Rohit Kochhar (Alternate Director to Mr. Shu Qing Yang)*	January 22, 2008	January 27, 2009
3.	Mr. N. Sri Vishnu Raju	August 14, 2008	–

*Consequent to the vacation of office as an Alternate Director in terms of Section 313 of the Companies Act, 1956, ceased to be a member of the Audit Committee.

iv) The Chairman of the Audit Committee was present at the Annual General Meeting. The financial controller, statutory auditors, internal auditor and cost auditor are also invited to attend the meetings. The Company secretary acts as the secretary to the Committee.

v) Five Audit Committee meetings were held during the financial year 2008–09. The dates on which the said meetings were held are April 11, 2008, June 24, 2008, July 25, 2008, October 30, 2008 and January 27, 2009.

B. Shareholders / Investors Grievance Committee

i) Terms of reference

A Shareholders/Investors Grievance Committee of the Board of Directors was constituted to specifically look after the redressal of complaints of investor's viz. transfer/transmission of shares, non receipt of dividend/annual report/notices, sub-division and allotment of shares, complaints relating to bonus shares etc.

ii) During the year ended March 31, 2009, the Committee met four times on June 24, 2008, July 25, 2008, October 30, 2008 and January 27, 2009 to review the complaints received from the shareholders and the redressal made by the Company.

iii) The composition of the Shareholders/Investors Grievance Committee and the attendance of each member at these meetings are given below:

Sl. No.	Name	Category	Number of meetings during the year 2008-09	
			Held	Attended
1.	Mr. P. Lakshmana Rao, Chairman	Independent, Non-Executive	4	4
2.	Dr. Ramachandra N Galla	Non-Independent, Non-Executive	4	4
3.	Mr. Jayadev Galla	Non-Independent, Executive	4	4

iv) The Shareholders/Investors Grievance Committee has prescribed norms for attending to the shareholders requests and these norms have been complied with.

v) The Company secretary who is also the compliance officer of the Company acts as secretary to the Committee.

C. Issue and Allotment of Bonus Shares Committee

i) Consequent to the approval of members at the Annual General Meeting held on August 14, 2008 for issue of bonus shares in the ratio of (1) one equity share for every two (2) equity shares held, the board constituted a committee called Issue and Allotment of Bonus Shares Committee to oversee and comply with various requirements that are necessary for issue and allotment of bonus shares.

ii) During the year ended March 31, 2009, the Committee met five times on September 4, 2008, October 18, 2008, October 30, 2008, November 20, 2008 and on December 30, 2008 and completed all the formalities viz., fixing the record date, obtaining in-principal approval from Stock Exchanges for dealing in the bonus shares, necessary submission with NSDL and CDSL, issues related with fractional entitlements etc.

iii) The composition of the Issue and Allotment of Bonus Shares Committee and the attendance of each member at these meetings are given below:

Sl. No.	Name	Category	Number of meetings during the year 2008-09	
			Held	Attended
1.	Dr. Ramachandra N Galla	Non-Independent, Non-Executive	5	5
2.	Mr. Jayadev Galla	Non-Independent, Executive	5	5

iv) The Company secretary who is also the compliance officer of the Company acts as secretary to the Committee.

v) After completing all the requirements the Committee decided that henceforth all complaints/grievances received from shareholders and their redressal regarding bonus shares would be taken care by the Shareholders/Investors Grievance Committee.

D. Loans and Investment Committee

i) The Company has constituted a Loans and Investment Committee of the Board of Directors to specifically look into the matters relating to loans and investments of the Company.

ii) One meeting of the Loans and Investment Committee was held during the year on January 23, 2009.

iii) The composition of the Loans and Investment Committee and the details of meetings attended by its members are given below:

Sl. No.	Name	Category	Number of meetings during the year 2008-09	
			Held	Attended
1.	Dr. Ramachandra N Galla	Non-Independent, Non-Executive	1	0
2.	Mr. Jayadev Galla	Non-Independent, Executive	1	1
3.	Mr. Nagarjun Valluripalli	Independent, Non-Executive	1	1
4.	Mr. N. Sri Vishnu Raju	Independent, Non-Executive	1	1

E. 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 / Executive Director, to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board retirement and other benefits to Managing Director.

Composition & Meetings

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

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

*Ceased to be member w.e.f. July 25, 2008.

In the Board Meeting held on July 25, 2008, the board has reconstituted the Remuneration Committee and it was decided that henceforth Mr. P. Lakshmana Rao and Mr. Nagarjun Valluripalli shall be the members of the Remuneration Committee and Mr. P. Lakshmana Rao shall continue to be the Chairman.

As there was no revision in the remuneration to the Managing Director /Executive Director, the Committee did not meet during the year.

Remuneration Policy:

1. Remuneration by way of sitting fess payable to Non-Executive Director

It was decided by the Board of Directors in the meeting held on April 10, 2008 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. However non-executive directors apart from above are paid remuneration by way of sitting fees which was increased from Rs. 2,000 to Rs. 10,000 for board meetings and Rs. 5,000 for the other committee meetings viz., Audit Committee, Shareholders'/Investors' Grievances Committee, Remuneration Committee and Loans and Investment Committee.

Sitting fees paid to Non-Executive Directors during 2008-09:

Name	Sitting Fees paid (Rs.)
Mr. P. Lakshmana Rao	102,000
Mr. Nagarjun Valluripalli	87,000
Mr. N. Sri Vishnu Raju*	45,000
Mr. Ravi Bhamidipati**	12,000

* Appointed as Additional Director w.e.f. August 14, 2008.

**Ceased to be Director w.e.f. July 25, 2008.

2. Remuneration by way of commission to non-executive directors

The Company has the approval from 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, which is valid till August 31, 2010. 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 a yearly basis and the distribution to the respective Directors will also be decided by the Board.

In terms of the above approval, during the year 2008-09, commission @3% amounting to Rs. 40.01 million was paid to Dr. Ramachandra N Galla, Non-Executive Chairman.

3. Remuneration to Executive Director *(Rs. Million)*

Name	Salary	Contribution to provident fund	Value of perquisites	Commission
Mr. Jayadev Galla	2.40	0.01	1.20	63.07

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.

Stock Options

The Company currently does not have stock options scheme.

4. General Body Meetings

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

For the year ended March 31	Venue	Day and date	Time
2006	Registered Office of the Company	Monday, August 14, 2006	3.00 P.M.
2007	Registered Office of the Company	Tuesday, August 14, 2007	2.30 P.M.
2008	Registered Office of the Company	Thursday, August 14, 2008	3.00 P.M.

ii) Details of Special Resolutions passed during the last three Annual General Meetings

Date of AGM	Whether any Special Resolution was passed	Particulars
August 14, 2006	YES	Payment of commission to non-executive directors of the Company.
August 14, 2007	YES	Alteration of Clause 5 of the Articles of Association of the Company.
August 14, 2008	YES	Alteration of Clause 5 of the Articles of Association of the Company with respect to increase in authorised share capital to Rs. 200 million.

iii) Postal Ballot

The Company has not passed any resolution through postal ballot during the financial year 2008-09.

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

5. Disclosures

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

ii) Transactions with the related parties are disclosed in Note No. 22 of Schedule 13 to the accounts in the annual report.

iii) During the year, 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.

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

6. 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 personnel affirm compliance with the code on an annual basis. Based on the affirmations received from board members and senior management personnel, the Managing Director of the Company has signed the below certificate:

To the shareholders of Amara Raja Batteries Limited

I, Jayadev Galla, Managing Director of the Company, hereby certify that the board members and senior management personnel have affirmed that they have complied with the "Code of Conduct" of the Company.

Hyderabad | **Jayadev Galla**
June 1, 2009 | *Managing Director*

7. 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.

8. Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of insider Trading) Regulations, 1992 the board has laid down "code of conduct for prevention of insider trading" with the objective of preventing purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this code, Insiders (officers and designated employees) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities, prior permission of Compliance Officers is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code. The Company Secretary has been designated as Compliance Officer for this code.

9. Whistle Blower Policy

The Company has not adopted Whistle Blower Policy. However, the Company has an environment where any employee can raise any issues with the management as and when required.

As regards the non-mandatory requirements the Company has set up a Remuneration Committee. The details of such committee have been enumerated earlier in this report.

Other non mandatory requirements have not been adopted by the Company so far.

10. 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 in Telugu. The notices to shareholders viz. book closure, 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).

11.Management Discussion and Analysis Report

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

12.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

Hyderabad | **Dr. Ramachandra N Galla**
June 1, 2009 | *Chairman*

Auditors' 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 ("the Company"), for the year ended on March 31, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 subject to the following,

During the year under audit, an independent director resigned from the board w.e.f. July 25, 2008 and the Company did not appoint another independent director within 180 days from such resignation. As a consequence, one-half of the Company's board did not consist of the Independent directors, as stipulated by Clause 49 of the Listing Agreement. However the Company rectified the same by appointing a new independent director in its board meeting held on June 01, 2009.

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 M/s E.Phalguna Kumar & Co
Chartered Accountants

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

For M/s Chevuturi Associates
Chartered Accountants

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

Hyderabad
June 01, 2009

CEO and CFO Certification

June 01, 2009

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, 2009, 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, give 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.

Jayadev Galla
Managing Director

K. Suresh
Financial Controller

General Shareholder Information

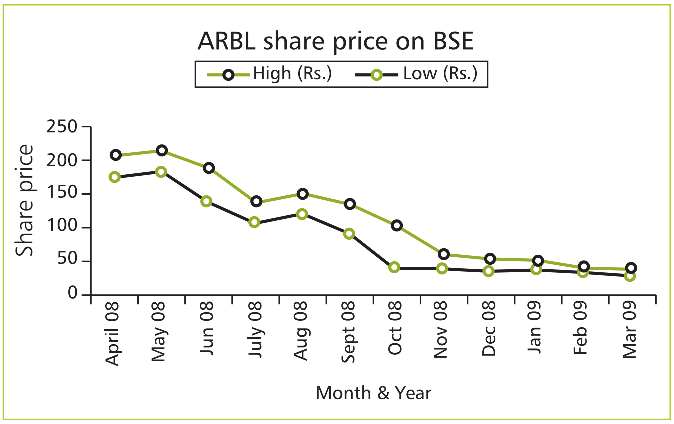
1. Annual General Meeting	
■ Date and Time	July 30, 2009 at 3.00 p.m.
■ Venue	At the registered office of the Company Renigunta – Cuddapah Road, Karakambadi – 517 520, Tirupati, Andhra Pradesh
2. Financial year	April 1 to March 31
3. Financial calendar	
■ Financial reporting for the quarter ending June 30, 2009	July 2009
■ Financial reporting for the quarter ending September 30, 2009	October 2009
■ Financial reporting for the quarter ending December 31, 2009	January 2010
■ Financial Results for the year ending March 31, 2010	May/June 2010
■ Annual General Meeting	July/August 2010
4. Dates of book closure	July 23, 2009 to July 30, 2009 (both days inclusive)
5. Proposed dividend	Rs. 0.80 (40%) per equity share of Rs. 2 each
6. Dividend payment date	Dividend warrant shall be posted on or after July 30, 2009, and credit through ECS shall also be processed simultaneously
7. E-Mail ID for investor grievances	investorservices@amararaja.co.in
8. Listing on stock exchanges	Equity shares ■ The National Stock Exchange of India Ltd, Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 ■ The Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
9. Listing fee	Listing fee to both the stock exchanges have been paid for the financial year 2009-10
10. Stock Code	
Name of the stock exchanges /depository	Code/ISIN
■ The National Stock Exchange of India Ltd. (NSE)	AMARAJABAT
■ The Bombay Stock Exchange Ltd. (BSE)	500008
■ NSDL & CDSL	INE885A01024

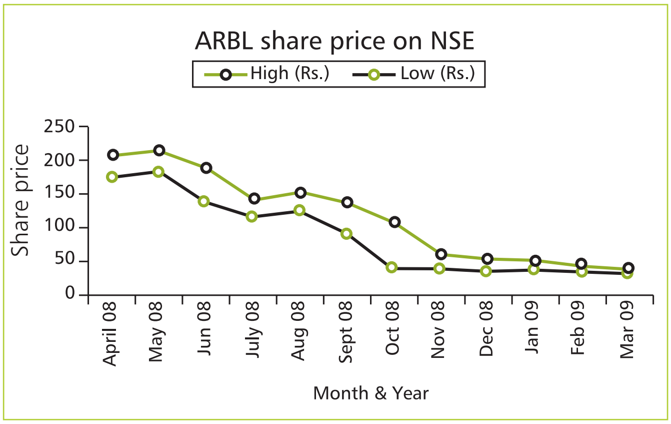
11. Stock price data

Period	The Bombay Stock Exchange (BSE)			The National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	Volume (in numbers)	High (Rs.)	Low (Rs.)	Volume (in numbers)
April 08	208.80	176.50	483,450	208.00	175.85	497,529
May 08	215.00	182.00	326,249	212.90	182.10	650,683
June 08	189.00	138.10	683,846	189.00	139.20	1,200,303
July 08	140.00	106.05	3962417	141.80	116.00	803,784
August 08	152.40	121.50	1,632,360	152.35	122.70	2,487,546
September 08	137.00	91.00	455,104	138.00	90.00	1,029,662
October 08 *	105.00	39.50	465,645	107.90	39.00	1,046,568
November 08	61.50	39.65	207,165	62.10	39.00	728,893
December 08	55.70	35.40	586,795	55.45	35.30	1,034,751
January 09	52.00	38.00	244,767	51.80	39.00	592,306
February 09	43.20	34.25	373,450	43.40	34.10	1,231,082
March 09	39.90	30.50	399,781	39.65	31.00	1,149,354

Source: BSE and NSE websites

* On October 18, 2008, the Company allotted bonus shares in the ratio of 1:2 i.e. one (1) bonus share of Rs. 2 each for every two (2) fully paid-up equity shares of Rs. 2 each and accordingly share price got adjusted with effect from October 18, 2008



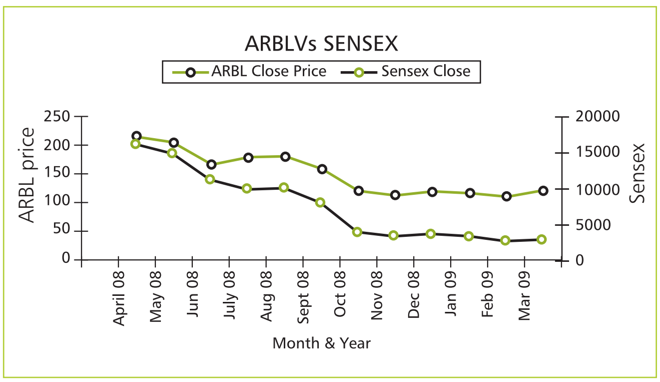


12. Monthly closing share price and closing Sensex

Period	Closing share price	Closing Sensex
April' 08	202.45	17,287.31
May'08	185.25	16,415.57
June'08	139.70	13,461.60
July'08	124.70	14,355.75
Aug'08	125.50	14,564.53
Sep' 08	100.00	12,860.43
Oct'08	48.25	9,788.06
Nov'08	41.20	9,092.72
Dec'08	46.95	9,647.31
Jan'09	41.45	9,424.24
Feb'09	35.00	8,891.61
Mar'09	36.95	9,708.50

* Face Value per Equity Share – Rs. 2/-

Performance of share price of the Company in comparison to the BSE Sensex.



13. Share transfer system

Entire share transfers under physical segment are being carried out by Company's Registrar and Share Transfers Agent viz., M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai - 600002. The share transfer system consists of activities like receipt of share certificates along with transfer deed from transferee, its verification, preparation of Memorandum of transfer, among others. Share transfers are approved by a committee of Directors called as Share Transfer Committee.

Details of shares transferred in physical form

Time taken	2008-09		2007-08	
	Number of requests received and processed	Number of shares	Number of requests received and processed	Number of shares
1-10 days	2	1500	3	300
11-20 days	45	32,274	69	54,700
21-30 days	2	4,500	2	200
Total	49	38,274	74	55,200

14. Investor complaints received and redressed

Nature of complaints	2008-09		2007-08	
	Received	Disposed	Received	Disposed
Non-receipt of shares sent for transfer, sub-division and dematerialisation.	03	03	14	14
Non-receipt of dividend warrants and Annual Report.	23	23	12	12

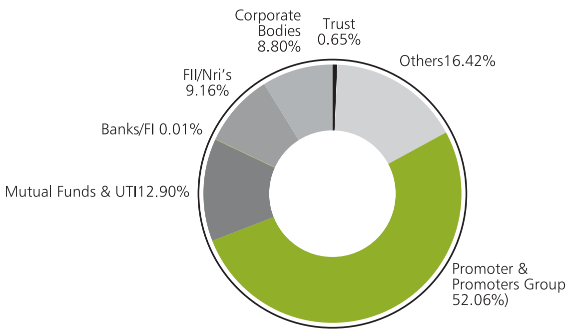
There was no investor complaint pending as on March 31, 2009.

15. Shareholding pattern and distribution schedule as on March 31, 2009

Shareholding pattern

Category	Number of shares	% of shareholding
Promoters and Person Acting in Concert (JCI)	44,463,726	52.06
Mutual funds and UTI	11,039,710	12.90
Banks/Financial Institutions	5,275	0.01
Foreign institutional investors/NRI's	7,829,305	9.16
Corporate bodies	7,482,098	8.80
Trust	562,897	0.65
Others	14,023,239	16.42
Total	**85,406,250**	**100.00**

Shareholding Pattern as on March 31, 2009



Out of 52.06% of the Promoter and Person Acting in Concert (JCI), 26.06% is held by the Galla family and 26% is held by Johnson Controls Mauritius Private Limited.

Distribution schedule				
Number of equity shares held	Number of shareholders	%	Number of shares	%
Up to 500	13,198	68.12	1,750,194	2.05
501-1000	3,623	18.70	2,696,073	3.16
1001-2000	1,326	6.84	1,944,410	2.28
2001-3000	456	2.35	1,154,079	1.35
3001-4000	225	1.16	825,713	0.97
4001-5000	81	0.42	369,375	0.43
5001-10000	221	1.14	1,584,102	1.85
Above 10000	246	1.27	75,082,304	87.91
Total	**19,376**	**100.00**	**85,406,250**	**100.00**

16. Top ten shareholders other than Promoters

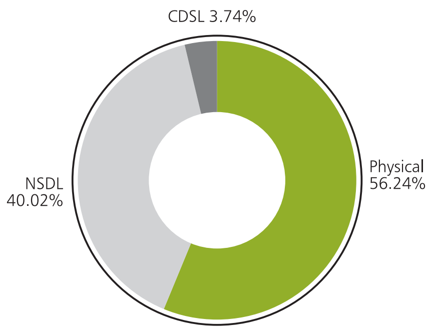
As on March 31, 2009, the top ten shareholders of the Company were as follows

Sl No.	Name of shareholders	Number of shares	Percentage of shareholding
1.	HDFC Trustee Company Ltd - A/C HDFC mid-cap opportunities 0und	2,775,000	3.25
2.	Templeton Mutual Fund A/C Franklin India Flexi Cap Fund	2,415,000	2.82
3.	Franklin Templeton MutualFund A/c Franklin India highgrowth companies fund	1,517,953	1.78
4.	Dr. Upendranath N.	1,434,922	1.68
5.	Twenty First Century Shares and Securities Limited	1,216,968	1.42
6.	Morgan Stanley Mauritius Company Limited	874,111	1.02
7.	HDFC Trustee Company Limited A/C HDFC growth fund	836,454	0.98
8.	Stock Home India Limited	787,500	0.92
9.	Novastar International Fund	723,555	0.85
10.	Reliance Capital Asset Management Limited –A/CPMS	696,136	0.82
	Total	**13,277,599**	**15.54**

17. Dematerialisation of shares as on March 31, 2009 and liquidity

The Company's shares are compulsorily traded in dematerialised from and are available for trading on both the depositories in India viz. National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL).

General Shareholder Information



Of 56.24% shares held in physical mode, the promoters (Galla family) and Persons Acting in Concert (JCI) who together hold 52.06% are holding their shares in physical mode and the rest are public shareholders.

Particulars of shares	Equity shares of Rs. 2 each		Shareholders	
	Number	%	Number	%
A. Dematerialised form				
NSDL	34,176,786	40.02	13,544	69.90
CDSL	3,193,560	3.74	4,149	21.41
Sub total	**37,370,346**	**43.76**	**17,693**	**91.31**
B. Physical form	**48,035,904**	**56.24**	**1,683**	**8.69**
Total A + B	85,406,250	100	19,376	100

18. Bonus issue	During the year, the Company issued and allotted 28,468,750 fully paid-up bonus shares of Rs. 2 each in the ratio of 1:2 (i.e. 1 share for every 2 shares held) and the said bonus shares were duly listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. Consequent to the issue of bonus shares the paid-up capital of the Company stands increased to Rs. 170.8 million
19. Outstanding GDR/ Warrants and convertible bonds	The Company has not issued any GDR/Warrants and convertible bonds.
20. Plant location and registered office	Renigunta – Cuddapah Road, Karakambadi – 517 520 Tirupati, Andhra Pradesh, India Tel: +91 877 2265000, Fax: +91 877 2285600 E-mail: amararaja@amararaja.co.in Website: www.amararaja.co.in
21. Corporate operations office	5th floor, Astra Towers, Hitech City, 12P, Kondapur, Hyderabad – 500 038 Tel: +91 40 23683000, Fax: +91 40 23118219
22. Investor contacts	Mr. N. RamNathan Company Secretary and Compliance Officer 5th Floor, Astra Towers, Hitech City, 12P, Kondapur, Hyderabad – 500 038 Tel: +91 40 23683000 Fax: +91 40 23118219 E-mail: ram@amararaja.co.in

23. 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 seven years has to be transferred by the Company to the Investor Education and 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
2001-02	Final	35	September 19, 2009
2002-03	Final	15	September 05, 2010
2003-04	Final	15	September 16, 2011
2004-05	Final	20	September 18, 2012
2005-06	Final	25	September 19, 2013
2006-07	Final	35	September 19, 2014
2007-08	Final	35	September 19, 2015

b) Electronic clearing services (ECS)

Under ECS facility, shareholders get an option to receive dividend directly into their bank account rather than receiving the same through dividend warrants. Shareholders holding shares in physical form, who wish to avail ECS facility, are requested to send their ECS mandate in the prescribed form to Cameo Corporate Services Limited, in the event they have not done so earlier. Shareholders holding shares in electronic form are requested to give the ECS mandate to their respective DPs directly (in Form A format enclosed with the notice).

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

Total 56.24% 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) Disclosure of pledged shares by promoters

The SEBI (substantial acquisition of shares and takeovers) Regulation, 1997, was amended vide SEBI (substantial acquisition of shares and takeovers) Regulations, 2009, on January 28, 2009, that it shall be mandatory for promoter and promoter group to disclose regarding pledge of shares to the Company as and when they are pledged and by the Company to stock exchange, where shares of the Company are listed. *As on March 31, 2009, promoters and person acting in concert have not pledged or otherwise encumbered their shares.*

f) PAN requirement for transfer of shares in physical form

In continuation to the SEBI circular vide ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007, with respect to transfer of shares, SEBI has vided its circular dated May 20, 2009, clarified that for securities market transactions and off-market/private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company/Registrar and Share Transfer Agent for registration of such transfer of shares. Hence shareholders who hold shares in physical form are advised to furnish their PAN number details while sending their request for transfer of shares.

g) Shareholders rights

A shareholder in a Company enjoys certain rights, which are as follows

- To receive share certificates, on allotment or transfer as the case may be, in due time
- To receive copies of the Annual Report, balance sheet and profit and loss account and the Auditor's Report.
- To participate and vote in General meetings either personally or through proxies
- To receive dividend in due time once approved in General Meeting
- To apply to the Company Law Board to call or direct the Annual General Meeting
- To receive corporate benefits like rights, bonus, among others, once approved
- To inspect the minute books of the General Meetings and to receive copies thereof
- To proceed against the Company by way of civil or criminal proceedings
- To apply for the winding-up of the Company
- To receive the residual proceeds

The above mentioned rights may not necessarily be absolute.

Share certificates with face value of Rs. 10

The members are aware that consequent to sub-division of shares from Rs.10 paid-up to Rs.2 paid-up, it was advised to surrender their Rs.10 paid-up shares to exchange Rs.2 paid-up share. Further, upon allotment of bonus shares in October 2008, the Company was advised by the stock exchanges to dispatch all the shares it was holding back (for want of original Rs.10 paid share) and hence the Company had dispatched the same to the shareholders to their last known address as per data available in the register of members. Shareholders who still hold Rs.10 paid shares are requested to destroy the same else send the same to the Registrar for their records. Shareholders who continue to hold Rs. 10 paid shares are cautioned not to trade on the same and in case they do so, they are responsible for all the costs and consequences that may arise from the said dealing.

List of the 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 and takeovers) Regulations, 1997.

Serial Number	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 Limited
7	Dr. Prasad V. Gourineni
8	Mr. Harshavardhana
9	Master Vikramaditya
10	Master Ashok Galla
11	Master Siddharth Galla
12	Johnson Controls Mauritius Private Limited (person acting in concert)

Auditors' 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, 2009, 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 (Auditors' 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009;
   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)

Hyderabad
June 01, 2009

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of Amara Raja Batteries Limited for the year ended March 31, 2009. 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)(b), 4(iii)(c) and 4(iii)(d) 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 Million)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax	0.454	1996-97, 1997-98	A.P. STAT, Hyderabad
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 (Auditors' 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 (Auditors' 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 (Auditors' 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)

Hyderabad
June 01, 2009

Balance Sheet As at March 31, 2009

(Amount in Rupees)

Particulars	Schedule	As at 31.03.2009		As at 31.03.2008	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	170,812,500		113,875,000	
Reserves & Surplus	2	3,885,051,844		3,217,139,470	
			4,055,864,344		3,331,014,470
Loan Funds					
Secured	3	2,078,322,863		2,266,545,502	
Unsecured	4	780,387,071		896,075,058	
			2,858,709,934		3,162,620,560
Deferred Tax Liability	5		182,508,323		169,506,055
Total			**7,097,082,601**		**6,663,141,085**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	4,270,935,970		3,105,843,108	
Less: Depreciation		1,457,693,630		1,217,334,633	
Net Block		2,813,242,340		1,888,508,475	
Capital Work-in-Progress		396,044,969		657,409,912	
			3,209,287,309		2,545,918,387
Investments	7		470,986,188		162,006,625
Current Assets, Loans & Advances					
Inventories	8	1,608,268,673		1,943,335,704	
Sundry Debtors	9	2,078,493,040		2,264,682,019	
Cash & Bank balance	10	702,851,806		511,453,739	
Loans, Advances & Deposits	11	870,287,297		1,029,874,522	
		5,259,900,816		**5,749,345,984**	
Less: Current Liabilities & Provisions	12				
Liabilities		1,137,968,083		1,027,373,819	
Provisions		705,123,629		766,756,092	
		1,843,091,712		**1,794,129,911**	
Net Current Assets			3,416,809,104		3,955,216,073
Total			**7,097,082,601**		**6,663,141,085**

Note: The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Balance Sheet - **Schedule 13**

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
(ICAI Memb. No: 20278)

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

For **Chevuturi Associates**
Chartered Accountants

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

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Hyderabad
June 01, 2009

Profit and Loss Account For the year ended March 31, 2009

(Amount in Rupees)

Particulars	Schedule	Year ended 31.03.2009	Year ended 31.03.2008
INCOME			
Gross Sales		15,839,540,521	13,499,867,499
Less: Excise Duty & Sales Tax		2,662,310,474	2,666,610,595
Net Sales		13,177,230,047	10,833,256,904
Other Income	14	80,564,340	56,390,373
Increase/(Decrease) in Stocks	15	(153,400,292)	582,065,982
Total		**13,104,394,095**	**11,471,713,259**
EXPENDITURE			
Purchase of Trading Goods		85,086,105	6,378,625
Materials Consumed	16	8,453,055,263	7,628,590,347
Payments & Benefits to Employees	17	516,134,337	408,078,078
Manufacturing, Selling, Admin & Other Expenses	18	2,275,687,255	1,576,845,664
Duties & Taxes	19	19,915,474	18,678,176
Interest	20	182,365,723	129,308,874
Depreciation		345,563,858	244,452,070
Total		**11,877,808,015**	**10,012,331,834**
Profit before Taxation		**1,226,586,080**	**1,459,381,425**
Less: Provision for Taxation	21	421,799,373	515,749,914
Profit after Taxation		**804,786,707**	**943,631,511**
Profit brought forward from previous year		1,928,431,531	1,125,792,991
Profit available for appropriation		**2,733,218,238**	**2,069,424,502**
Less: Appropriations			
Transfer to General Reserve		80,478,671	94,363,151
Proposed Dividend		68,325,000	39,856,250
Dividend Tax		11,611,833	6,773,570
Balance carried to Balance Sheet		**2,572,802,734**	**1,928,431,531**
Earnings per Equity Share - Basic & Diluted		9.42	11.05

Note: a) No of Equity Shares was adjusted by the bonus shares issued during the year for arriving EPS for the corresponding previous year

b) The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Profit and Loss Account - **Schedule 13**

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
(ICAI Memb. No: 20278)

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

For **Chevuturi Associates**
Chartered Accountants

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

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Hyderabad
June 01, 2009

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2009		As at 31.03.2008	
1 SHARE CAPITAL				
Authorised				
100,000,000 Equity Shares of Rs.2/- each		200,000,000		150,000,000
(Previous Year: 75,000,000 Equity Shares of Rs.2/- each)				
Issued				
87,514,250 Equity Shares of Rs.2/- each		175,028,500		118,091,000
(Previous Year: 59,045,500 Equity Shares of Rs.2/- each)				
Subscribed and Paid up				
85,406,250 Equity Shares of Rs.2/- each		170,812,500		113,875,000
(Previous Year: 56,937,500 Equity Shares of Rs.2/- each)				
[During the year 28,468,750 Equity Shares were allotted as fully paid up by way of bonus issue by capitalising part of the reserves)				
2 RESERVES AND SURPLUS				
a. Capital Reserve				
As per previous year Balance Sheet		11,500		11,500
b. Share Premium				
As per previous year Balance Sheet		311,862,600		311,862,600
c. General Reserve				
As per previous year Balance Sheet	976,833,839		885,115,586	
Add: Additions during the year	80,478,671		94,363,151	
Less: Transitional liability of employee benefits (as per AS15)	–		2,644,898	
Utilised for issue of bonus shares	56,937,500		–	
		1,000,375,010		976,833,839
d. Surplus in Profit & Loss Account		2,572,802,734		1,928,431,531
Total		**3,885,051,844**		**3,217,139,470**
3 SECURED LOANS				
A. Term Loans				
Rupee Loan - Financial Institutions				
a. IFCI Limited		–		386,522
Rupee Loan - Banks				
a. Citi Bank NA	300,000,000		388,235,294	
b. Bank of Nova Scotia	400,000,000		–	
		700,000,000		388,235,294
Foreign Currency Loan				
a. BNP Paribas		507,200,000		401,900,000
B. Working Capital Facilities				
Cash Credit				
a. State Bank of India	2,364,879		–	
b. State Bank of Hyderabad	159,688,820		161,406,319	
c. Andhra Bank	98,384,237		120,312,686	
		260,437,936		281,719,005
Buyers Credit in Foreign Currency				
a. State Bank of India	377,722,411		935,454,296	
b. State Bank of Hyderabad	–		251,407,398	
c. Bank of Nova Scotia	227,907,827		–	
		605,630,238		1,186,861,694
C. Hypothecation Loan from HDFC Bank Limited		5,054,689		7,442,987
(Secured against hypothecation of specific assets)				
Total		**2,078,322,863**		**2,266,545,502**

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2009		As at 31.03.2008	
4 UNSECURED LOANS				
A. Interest Free Sales Tax Deferment (Refer Note No: 02)		567,433,583		454,723,803
B. Working Capital Demand Loan - Bank of Nova Scotia		–		250,000,000
C. Buyers Credit in Foreign Currency				
a. Citi Bank NA		212,953,488		116,355,244
b. Bank of Nova Scotia		–		74,996,011
Total		780,387,071		896,075,058
5 DEFERRED TAX LIABILITY				
As per previous year Balance Sheet	169,506,055		136,092,961	
Add: Liability for the year	13,002,268		33,413,094	
Total		182,508,323		169,506,055

6 FIXED ASSETS & DEPRECIATION *(Amount in Rupees)*

Sl. No.	Particulars	GROSS BLOCK Cost as on 01.04.2008	Additions	Deletions	Total as on 31.03.2009	DEPRECIATION BLOCK Up to 31.03.2008	Current Period	Deletions	Total as on 31.03.2009	NET BLOCK As on 31.03.2009	As on 31.03.2008
1	Land & Land Development	12,057,659	347,920	–	12,405,579	–	–	–	–	12,405,579	12,057,659
2	Buildings	415,847,172	229,873,439	7,623,805	638,096,806	80,646,362	13,693,403	3,300,433	91,039,332	547,057,474	335,200,810
3	R&D Buildings	9,896,346	–	–	9,896,346	3,000,959	330,538	–	3,331,497	6,564,849	6,895,387
4	Plant & Machinery	2,132,677,094	931,291,285	91,140,442	2,972,827,937	910,534,807	292,540,679	79,719,176	1,123,356,310	1,849,471,627	1,222,142,287
5	R&D - Plant & Machinery	91,697,948	1,739,626	686,934	92,750,640	55,255,163	5,812,131	427,995	60,639,299	32,111,341	36,442,785
6	Electrical Installations	247,410,999	91,099,904	11,044,958	327,465,945	56,183,815	12,901,985	8,079,140	61,006,660	266,459,285	191,227,184
7	Furniture	47,592,807	6,973,706	–	54,566,513	24,327,963	4,337,012	–	28,664,975	25,901,538	23,264,844
8	Office Equipment	102,644,990	24,708,230	12,952,644	114,400,576	68,256,894	11,790,505	11,937,335	68,110,064	46,290,512	34,388,096
9	Trade marks	115,000	–	–	115,000	115,000	–	–	115,000	–	–
10	Vehicles	45,903,093	4,563,576	2,056,041	48,410,628	19,013,670	4,157,605	1,740,782	21,430,493	26,980,135	26,889,423
	Total	3,105,843,108	1,290,597,686	125,504,824	4,270,935,970	1,217,334,633	345,563,858	105,204,861	1,457,693,630	2,813,242,340	1,888,508,475
	Previous Year	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

(Amount in Rupees)

Particulars	As at 31.03.2009		As at 31.03.2008	
7 INVESTMENTS				
A. In Government Securities - Non Trade				
a. Indira Vikas Patra		7,000		7,000
b. 6 Years National Savings Certificates (Lodged as security with Govt. Departments Rs.12,000/- held in the name of Dr. Ramachandra N Galla Chairman)		65,000		60,000
B. Quoted - Non Trade				
a. Shares in Companies				
i) 25 Fully paid up equity shares of Rs.2/- each in Nicco Corporation Ltd (PY-166 Fully paid up equity shares of Rs.10/- each)		1,735		1,735
ii) 250 Fully paid up equity shares of Rs.0.50 each in Standard Batteries Ltd (Provision for diminution in 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		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) 80,000 Fully paid up equity shares of Rs.2/- each in IVRCL Infrastructure & Projects Ltd		204,800		204,800
vi) 23,749 Fully paid up equity shares of Rs.10/- each in IDBI Ltd		1,008,000		1,008,000

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars		As at 31.03.2009		As at 31.03.2008
7 INVESTMENTS *(Contd.)*				
vii) 227,900 Fully paid up equity shares of Rs.10/- each in Andhra Bank Ltd		2,279,000		2,279,000
b. Investments in Mutual Funds				
i) 31,006,809 (PY: 119,672) units of SBI Mutual Fund (IIIF-Savings Option) - Daily Dividend Option (31,017,293 units purchased/reinvested and 130,156 units sold during the year)		310,223,124		1,234,927
ii) 1,238 units of SBI Mutual Fund (IIIF-Savings Option-Growth) - Sold during the year		–		13,634
C. Unquoted - Non Trade				
Shares in Companies				
1,128 Fully paid up equity shares of Rs.10/- each in Indian Lead Ltd (Provision for diminution in value Rs.30,000/- PY: Rs.30,000/-)		30,000		30,000
D. Unquoted - Trade				
Shares in Companies				
1,206,000 Fully paid up equity shares of Rs.10/- each in Andhra Pradesh Gas Power Corporation Ltd		157,143,610		157,143,610
Sub-Total		**471,023,938**		**162,044,375**
Less: Provision for diminution in value of investments		37,750		37,750
Total		**470,986,188**		**162,006,625**
Aggregate of Quoted Investments				
At Cost		313,778,328		4,803,765
At Market Value		331,790,256		53,152,611
Aggregate of Un-Quoted Investments - At Cost		157,245,610		157,240,610

Note: All the investments other than investment in mutural fund are long term in nature unless otherwise stated.

8 INVENTORIES (As certified by the Management)				
a. Stores & Spares		148,296,913		135,515,475
b. Materials in Transit		246,255,314		129,164,399
c. Stocks in Trade				
i) Raw Materials	320,164,778		631,703,870	
ii) Work in Process	518,444,978		643,971,524	
iii) Finished Goods	375,106,690		402,980,436	
		1,213,716,446		1,678,655,830
Total		**1,608,268,673**		**1,943,335,704**

9 SUNDRY DEBTORS (Unsecured)				
a. Debts outstanding for a period exceeding 6 months				
Considered Good	33,208,607		16,591,352	
Considered Doubtful	18,100,794		25,905,541	
	51,309,401		42,496,893	
Less: Provision for Doubtful Debts	18,100,794		25,905,541	
		33,208,607		16,591,352
b. Other Debts		2,045,284,433		2,248,090,667
Total		**2,078,493,040**		**2,264,682,019**

Schedules to the Balance Sheet

(Amount in Rupees)

Particulars	As at 31.03.2009		As at 31.03.2008	
10 CASH & BANK BALANCES				
A. Cash on hand		508,213		725,568
B. At Scheduled Banks:				
a. Current Account	338,264,221		285,818,638	
b. Fixed Deposits	361,056,837		221,849,664	
c. Towards Unclaimed Dividends	3,022,535		3,059,869	
		702,343,593		510,728,171
Total		**702,851,806**		**511,453,739**

Particulars	As at 31.03.2009		As at 31.03.2008	
11 LOANS, ADVANCES & DEPOSITS (Unsecured & considered good)				
a. Advances recoverable in cash or kind for value to be received		47,716,720		33,270,609
b. Advance for Purchases				
i) Capital	52,545,666		120,592,250	
ii) Materials & Others	190,149,749		189,688,922	
		242,695,415		310,281,172
c. Deposits Recoverable		85,637,639		48,597,468
d. Excise Duty, Service Tax & VAT paid in advance		83,748,132		157,303,795
e. Income Tax paid in advance, TDS & FBT		395,513,819		464,175,403
f. Excise Duty & Sales Tax paid under protest		7,116,829		8,234,989
g. Interest accrued		3,678,689		5,943,027
h. Prepaid Expenses		4,180,054		2,068,059
Total		**870,287,297**		**1,029,874,522**

Particulars	As at 31.03.2009		As at 31.03.2008	
12 CURRENT LIABILITIES & PROVISIONS				
A. Current Liabilities				
a. Sundry Creditors				
i) Dues to Micro & Small Enterprises (Refer Note No.23)	2,836,223		4,057,959	
ii) Others	934,431,971		804,235,362	
		937,268,194		808,293,321
b. Advances from Customers		19,216,976		29,368,097
c. Outstanding Liabilities		126,721,347		113,936,162
d. Sales Tax payable		51,739,031		72,716,370
e. Unclaimed Dividend		3,022,535		3,059,869
Total		**1,137,968,083**		**1,027,373,819**
B. Provisions				
a. Income Tax, FBT & Wealth Tax				
i) Current Year	408,827,144		486,093,010	
ii) Earlier Years (Net of taxes paid in advance)	–		1,804,667	
		408,827,144		487,897,677
b. Employee Benefits				
i) Leave Encashment		18,383,581		11,895,706
ii) Gratuity	35,790,286		28,246,114	
Less: Fund with Life Insurance Corporation of India Ltd	20,459,041		15,827,995	
		15,331,245		12,418,119
c. Proposed Dividend		68,325,000		39,856,250
d. Dividend Tax		11,611,833		6,773,570
e. Warranty		182,644,826		207,914,770
Total		**705,123,629**		**766,756,092**

Schedules to the Profit and Loss Account

(Amount in Rupees)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
14 OTHER INCOME				
a. Interest Received				
(TDS Rs.4,731,218/-, PY - Rs.1,175,983/-)		14,127,521		7,234,763
b. Dividend Received		2,373,562		1,508,243
c. Claims Received		31,826,836		6,623,928
d. Scrap Sales		10,328,309		4,192,679
e. Gain on Foreign Exchange (Net)		–		33,504,791
f. Profit on Sale of Assets		18,794		41,317
g. Profit on Sale of Investment		3,636		–
h. Excess provision/credit balances written back		3,453,497		963,441
i. Bad debts recovered		4,574,722		2,254,834
j. Sundry Income		13,857,463		66,377
Total		**80,564,340**		**56,390,373**
15 INCREASE/(DECREASE) IN STOCKS				
Closing Stock				
a. Work-in-Process	518,444,978		643,971,524	
b. Finished Goods	375,106,690		402,980,436	
		893,551,668		1,046,951,960
Less: Opening 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
Increase/(Decrease) in Stocks		**(153,400,292)**		**582,065,982**
16 MATERIALS CONSUMED				
Opening Stock	631,703,870		300,836,280	
Add: Purchases	8,329,161,027		8,125,662,265	
		8,960,864,897		8,426,498,545
Less: Closing Stock		320,164,778		631,703,870
Gross Consumption		8,640,700,119		7,794,794,675
Less: Scrap Realisation		187,644,856		166,204,328
Net Materials Consumption		**8,453,055,263**		**7,628,590,347**
17 EMPLOYEES' BENEFITS				
a. Salaries, Wages & Bonus		419,927,231		330,842,854
b. Contribution to PF, Gratuity & Other Funds		42,507,278		39,068,123
c. Workmen & Staff Welfare expenses		53,699,828		38,167,101
Total		**516,134,337**		**408,078,078**
18 MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES				
A. Manufacturing Expenses				
a. Stores & Spares consumed				
(including packing materials)		112,172,204		91,511,829
b. Power & Fuel		249,277,785		225,682,762
c. Insurance		5,118,007		4,053,727
d. Repairs & Maintenance to:				
i) Machinery	113,279,834		82,510,488	
ii) Buildings	2,989,422		2,580,837	
iii) Other Assets	5,268,577		6,524,409	
		121,537,833		91,615,734
Total (A)		**488,105,829**		**412,864,052**

Schedules to the Profit and Loss Account

(Amount in Rupees)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
18 MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES *(Contd.)*				
B. Selling Expenses				
a. Advertisement & Promotion		178,312,895		184,985,452
b. Freight Outward		329,060,031		260,158,945
c. Commission on Sales		23,574,263		19,974,878
d. Other Sales expenses		198,406,295		124,029,592
e. Royalty on Sales		1,530,000		–
f. Warranty		274,428,133		195,816,753
Total (B)		**1,005,311,617**		**784,965,620**
C. Administrative Expenses				
a. Rent		43,992,213		33,537,014
b. Operating Lease Rentals		5,039,684		2,881,835
c. Managerial Remuneration (Refer Note No.17)		106,681,051		126,678,134
d. Payments to Auditors (Refer Note No.18)		1,260,900		1,192,435
e. Research & Development expenses		3,146,063		2,812,766
f. Donations		14,069,200		10,897,000
g. Loss on Sale of Assets		328,324		101,611
h. Travelling & Conveyance		86,802,904		78,097,538
i. Communication		11,887,881		10,531,015
j. Bank Charges		18,596,867		14,951,412
k. Sundry Expenses		121,800,979		80,048,892
Total (C)		**413,606,066**		**361,729,652**
D. Other Expenses				
a. Provision for Doubtful Debts		13,489,801		845,974
b. Bad debts & Irrecoverable Advances written off	28,007,096		18,539,340	
Less: Adjusted against opening provision	21,294,548		12,533,708	
		6,712,548		6,005,632
c. Assets written off		19,739,764		5,203,239
d. Loss on Foreign Exchange (Net)		322,212,570		–
e. Premium on Forward Contracts		6,509,060		5,231,495
Total (D)		**368,663,743**		**17,286,340**
Grand Total (A+B+C+D)		**2,275,687,255**		**1,576,845,664**

19 DUTIES AND TAXES (Excluding Income Tax)				
a. Rates, Taxes & Licenses		2,145,831		2,745,557
b. Duties & Taxes (Excise, ST & Octroi)		17,769,643		15,932,619
Total		**19,915,474**		**18,678,176**

20 INTEREST				
a. On Term Loans		84,920,671		35,821,291
b. On Working Capital facilities		97,445,052		93,487,583
Total		**182,365,723**		**129,308,874**

21 PROVISION FOR TAXATION				
a. Current Income Tax		402,000,000		480,000,000
b. Deferred Income Tax		13,002,268		33,413,094
c. Earlier Year(s) Income Tax		(30,039)		(3,756,190)
d. Wealth Tax		127,144		93,010
e. Fringe Benefit Tax		6,700,000		6,000,000
Total		**421,799,373**		**515,749,914**

Schedules to the Accounts

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE 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 borrowing utilised for financing the assets up to 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, Octroi, Service charges etc., recovered thereon.

7. **Employee Benefits**

   I) Defined Contribution Plans

   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 Superannuation Fund in respect of employees who are members are made under a defined contribution plan, being administered by the Life Insurance Corporation of India Limited, and are charged to Profit & Loss Account at predetermined rates in the year in which the employees have rendered service.

   II) Defined Benefit Plans

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

   c) (Gains) / Losses arrived at in the above actuarial valuations are charged to 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 transaction, and charged to revenue with the difference in the rate of exchange arising on actual receipt/payment during the year.

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

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.

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 delivery of finished products is accounted for on accrual basis as per the terms of the contracts after adjusting for the claims which are 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 & 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.

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

NOTES FORMING PART OF THE ACCOUNTS

1. a) The Company's land, building, plant and machinery, equipment, vehicles (other than those which are specifically hypothecated to HDFC Bank) 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. All the said loans have been repaid in full. During the year the Company has obtained no due and no objection certificate from IFCI after having settled its dues, and has initiated the process of filing satisfaction of charge with the Registrar of Companies, Andhra Pradesh.

   b) The rupee term loans from Citi Bank N.A and The Bank of Nova Scotia, and the foreign currency term loan from BNP Paribas are secured by subservient pari passu first charge on all fixed assets both present and future.

   c) The working capital facilities from State Bank of India, State Bank of Hyderabad, Andhra Bank and the Bank of Nova Scotia are secured by hypothecation of stock of raw materials, work-in-process, finished goods, stores & spares, bills receivable and book debts. The fixed assets of the Company are provided as collateral security by way of pari passu second charge for the working capital facilities availed from State Bank of India and Andhra Bank.

2. The Company is availing the Sales Tax Deferment benefit since 1997-98 on its expanded capacity. Such Deferment claimed, as on March 31, 2009 is Rs. 567.43 Mn (PY Rs. 454.72 Mn) This amount is subject to revision by the Assessment Authorities, consequent to the decision of Honourable High Court of Andhra Pradesh in favour of the Company.

3. A sum of Rs. 22.03 Mn has been shown as monies recoverable in the "Deposits recoverable" account as dues from Govt. of India on account of excess customs duties paid in connection with import of battery separators during the period March 2006 to January 2008.

4. During the year Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL) has demanded Rs. 25.08 Mn as low voltage surcharge for the period from June 2005 to November 2007. The Company has created liability for an equal amount in the accounts and has preferred an appeal contesting the entire demand.

5. **Contingent Liabilities**

(Rs. Million)

Particulars	31.03.2009	31.03.2008
a. Claims against the Company not admitted towards		
- Excise Duty	7.56	Nil
- Sales Tax	19.57	30.27
- Electricity	106.61	88.78
[Against all the above, Rs. 6.33 Mn (PY 7.44 Mn) was paid under protest]		
b. Counter guarantees given to banks in respect of bank guarantees issued in favour of various constituents.	251.22	214.73
c. Letters of Credit opened with banks	234.59	20.05
d. Bills discounted with Scheduled Banks	62.92	58.66
e. Estimated amount of contracts remaining to be executed on capital accounts, not provided for.	203.78	386.73
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

6. **Capacity and Production**

Particulars	UOM	31.03.2009	31.03.2008
Storage Batteries			
Installed Capacity	Nos.	8,800,000	5,850,000
Average Installed Capacity	Nos.	6,535,000	4,900,000
Actual Production	Nos.	5,070,387	4,194,960

Note: The Installed Capacity represents the capacity as at March 31, 2009 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.

Schedules to the Accounts

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

7. Purchase of Trading Goods

(Rs. Million)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage Batteries	91,796	41.21	39,000	17.10
Home UPS	11,385	43.88	1,144	4.85
Total	**103,181**	**85.09**	**40,144**	**21.95**

8. Turnover

(Rs. Million)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage Batteries & Others	5,029,394	15,839.54	4,121,017	13,499.87

Note: The above includes No's 240,263 (1,68,528) batteries issued as replacements, samples, etc.,

9. Opening and Closing Stock of Finished Goods

(Rs. Million)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Opening Stock				
Storage Batteries	224,557	401.78	110,728	152.62
Home UPS	258	1.21	-	-
Closing Stock				
Storage Batteries	367,929	371.62	224,557	401.78
Home UPS	1,060	3.49	258	1.21

10. Consumption of Raw Materials

(Rs. Million)

Particulars		Year ended 31.03.2009		Year ended 31.03.2008	
	UOM	Qty	Amount	Qty	Amount
Lead	Kgs.	37,014,363	3,599.37	28,190,706	3,411.27
Lead Alloys	Kgs.	28,487,059	3,081.24	23,769,603	2,784.81
Separator	Kgs.	906,000	159.04	635,977	97.73
Separator	Sq. Mtrs.	5,324,314	165.60	5,281,248	159.40
Others			1,635.45		1,341.58
Total			**8,640.70**		**7,794.79**

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

i. Raw Materials

(Rs. Million)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Value	%	Value	%
Imported	3,916.71	45.33	3,690.19	47.34
Indigenous	4,723.99	54.67	4,104.60	52.66
Total	**8,640.70**	**100.00**	**7,794.79**	**100.00**

ii. Stores and Spares

(Rs. Million)

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Value	%	Value	%
Imported	47.19	42.07	21.54	23.54
Indigenous	64.98	57.93	69.97	76.46
Total	**112.17**	**100.00**	**91.51**	**100.00**

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

12. Value of imports made during the year by the Company calculated on CIF basis *(Rs. Million)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Capital Goods	335.59	388.77
Finished Goods	31.09	12.57
Raw Materials & Components	3,529.47	3,310.86
Stores & Spares	54.81	34.26
Total	**3,950.96**	**3,746.46**

13. Expenditure incurred in foreign currency during the year *(Rs. Million)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Foreign travel expenses (exclusive of tickets purchased in Rupees)	6.22	11.26
Sales commission	0.37	0.55
Interest	83.04	49.65
Others	4.80	0.73
Total	**94.43**	**62.19**

14. Remittance in foreign currency on account of dividends *(Rs. Million)*

Year	No. of non-resident Share Holders	No. of Shares	Amount of Dividend
2008-09	11	16,228,795	11.36
2007-08	13	3,276,279	11.47

15. FOB Value of Exports made during the year *(Rs. Million)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Sales	440.54	402.94

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

Reconciliation of Present Value of Defined Benefits Obligations *(Rs. Million)*

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Present value of obligations at period beginning	28.25	11.90	20.52	7.75
Interest cost	2.62	0.90	1.61	0.60
Service cost	3.98	8.94	3.07	2.39
Benefits paid	(1.21)	(0.93)	(0.94)	(0.55)
Actuarial (gain)/Loss	2.15	(2.43)	3.99	1.71
Present value obligations at period end	35.79	18.38	28.25	11.90

Expenses recognised in the statement of Profit & Loss Account *(Rs. Million)*

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Interest cost	2.62	0.90	1.61	0.60
Service cost	3.98	8.94	3.07	2.39
Actual return	(1.39)	–	(1.09)	–
Actuarial (gain)/loss	2.15	(2.43)	3.99	1.71
Total Cost	**7.36**	**7.41**	**7.58**	**4.70**

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

Reconciliation for fair value of plan assets *(Rs. Million)*

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Fair value of plan assets at period beginning	15.83	–	11.70	–
Actual return	1.39	–	1.09	–
Contribution by employer	4.45	–	3.98	–
Benefits paid	(1.21)	–	(0.94)	–
Fair value of plan assets at period end	20.46	–	15.83	–
Present Value of unfunded obligations	15.33	18.38	12.42	11.90
Net liability recognised in the Balance Sheet	**15.33**	**18.38**	**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.

17. Remuneration to Chairman and Managing Director

i. Computation of net profits in accordance with Section 349 of the Companies Act 1956. *(Rs. Million)*

Particulars		31.03.2009
Profit for the year as per the Profit and Loss Account		1,226.59
Add:		
Directors' sitting fee	0.25	
Remuneration to Chairman & Managing Director	106.68	106.93
Net Profit as per Sec 349		1,333.52
Remuneration by way of commission to Chairman @ 3%		40.00
Remuneration to Managing Director @ 5%		66.68

ii. Details of remuneration to Non-Executive Chairman and Managing Director *(Rs. Million)*

Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
	Chairman	Managing Director	Chairman	Managing Director
Salary	–	2.40	–	2.40
Contribution to PF	–	0.01	–	0.01
Other perquisites	–	1.20	–	2.10
Commission	40.00	63.07	47.51	74.66
Total	**40.00**	**66.68**	**47.51**	**79.17**

18. Payment to Auditors *(Rs. Million)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Statutory Audit	1.00	0.90
Taxation Matters (including Tax Audit)	0.10	0.10
Reimbursement of out of pocket expenses	0.03	0.05
Cost Audit	0.09	0.09
Cost Audit – Out of pocket Expenses	–	0.01
Certification fee for Cost Auditor	0.04	0.04
Total	**1.26**	**1.19**

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

(Rs. Million)

	Year ended 31.03.2009	Year ended 31.03.2008
19. Fixed Deposits under Cash and Bank balances include		
Lodged as security with various authorities.	0.31	0.19
Towards margin money deposits	133.25	139.18
20. A. Sundry debtors include debts due from companies in which the directors are interested		
a. Amara Raja Power Systems Limited	31.38	68.56
Maximum balance	79.73	68.56
b. Mangal Precision Products Limited	-	1.84
Maximum balance	2.64	67.27
c. Amara Raja Electronics Limited	93.29	55.44
Maximum balance	129.03	58.12
B. Sundry Creditors include debts due to companies in which the directors are interested		
a. Amara Raja Power Systems Limited	1.96	2.44
b. Mangal Precision Products Limited	107.44	50.67
c. Amara Raja Electronics Limited	0.96	2.59
C. Advance for purchases (Capital) include advance to companies in which the directors are interested		
a. Amara Raja Infra Private Limited	4.11	-

21. 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.

22. 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. G. Amara Kumari	Mother of Mr. Jayadev Galla
Mrs. G. Padmavathi	Wife of Mr. Jayadev Galla
Dr. G. Ramadevi	Sister of Mr. Jayadev Galla
Master. Ashok Galla	Son of Mr. Jayadev Galla
Master. Siddharth Galla	Son of Mr. Jayadev Galla

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

M/s. Amara Raja Power Systems Limited
M/s. Amara Raja Electronics Limited
M/s. Mangal Precision Products Limited
M/s. Galla Foods Limited.
M/s. Amara Raja Infra Private Limited
M/s. Amaron Batteries Private Limited

4. Enterprise with substantial interest

M/s. Johnson Controls Mauritius Pvt. Limited, Mauritius

Schedules to the Accounts

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

B. Transactions with the Related Parties

(Rs. Million)

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	66.68	40.00		
b. Dividends paid	2.99	6.35	0.73	10.36
c. Rents paid	3.04	7.08		
d. Sale of goods			395.85	37.19
e. Reimbursement/Sharing of expenses			36.28	
f. Purchase of goods			1330.93	0.07
g. Purchase of capital items			167.80	
II. Balances as at 31.03.2009				
a. Share capital held by	12.82	27.21	3.12	44.41
b. Remuneration payable	63.07	40.00		
c. Payables – Trade dues			110.36	
d. Receivables – Trade dues			124.67	7.83
e. Advance for purchases			4.11	
f. Deposits receivable	0.88	1.76		

23. Note forming part of accounts in relation to Micro and Small Enterprises

Based on the information available with the Company, on the status of the suppliers being Micro or Small enterprises, on which the auditors have relied, the disclosure requirements of Schedule VI to the Companies Act, 1956 with regard to the payments made/due to Micro and Small Enterprises are given below:

(Rs. Million)

Sl. No.	Particulars	Year ended 31.03.2009		Year ended 31.03.2008	
		Principal	Interest	Principal	Interest
I.	Amounts due as at the date of Balance Sheet.	Nil	Nil	Nil	Nil
II.	Amounts paid beyond the appointed date during the year.	Nil	Nil	Nil	Nil
III.	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
IV.	The amount of interest accrued and remaining unpaid as at the date of Balance Sheet	Nil	Nil	Nil	Nil

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

Future minimum lease rentals payable as at balance sheet date

	Rs. Million
Up to one year	5.04
One to five years	2.22
Total	**7.26**

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS *(Contd.)*

25. Major components of Deferred Tax Assets and Liabilities as at 31.03.2009 arising on account of timing differences are:

(Rs. Million)

Particulars	Assets	Liabilities
1. Depreciation	–	273.22
2. Amounts disallowed U/s.43B of the IT Act & Others	90.71	–
Total	**90.71**	**273.22**

Net Deferred Tax Liability as on March 31, 2009 Rs.182.51 Mn

26 A. Details of Provision for Warranty Expenses

	Rs. Million
Provision as on 31.03.2008	207.91
Provision made during 2008-09	181.65
Withdrawn/Reversed during the year	(206.92)
Provision as on 31.03.2009	182.64

B. Movement of Provision for Doubtful Debts

	Rs. Million
Provision as on 31.03.2008	25.91
Provision made during 2008-09	13.49
Written off – bad debts	(21.30)
Provision as on 31.03.2009	18.10

27. Particulars of Revenue Expenditure capitalised during the year *(Rs. Million)*

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Salaries	11.58	6.51
Power & Fuel	0.12	0.06
Interest & Charges on Fixed Loans	13.58	7.75
Foreign Travel Expenses	0.12	0.86
Total	**25.40**	**15.18**

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

29. In the opinion of the 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.

30. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

31. Figures have been rounded off to the nearest thousands and rupees wherever it is mentioned in Million and Rupees respectively.

As per our report of even date attached

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)

Hyderabad
June 01, 2009

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Cash Flow Statement For the year ended March 31, 2009

(Amount in Rupees)

Particulars	2008-2009		2007-2008	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extra-Ordinary items		**1,226,586,080**		**1,459,381,425**
Add/Less: Adjustments for :				
a. Depreciation	345,563,858		244,452,070	
b. Profit on Sale of Assets	(18,794)		(41,317)	
c. Profit on Sale of Investments	(3,636)		–	
d. Loss on Sale of Assets	328,324		101,611	
e. Assets written off	19,739,764		5,203,239	
f. Interest Paid	182,365,723		129,308,874	
g. Bad Debts written off	6,712,548		6,005,632	
h. Provision for Doubtful Debts	13,489,801		845,794	
i. Exchange (gain)/loss on restatement	193,592,365		(3,699,400)	
j. Provision for Leave Encashment	6,487,875		(2,022,036)	
k. Provision for Gratuity	2,913,126		9,773,221	
l. Provision for Warranty expenses	(25,269,944)		108,738,505	
m. Dividend Received	(2,373,562)		(1,508,243)	
n. Interest Received	(14,127,521)		(7,234,763)	
		729,399,927		489,923,187
Operating Profit before Working Capital Changes		**1,955,986,007**		**1,949,304,612**
Add/Less: Adjustments for working capital:				
a. Decrease/(Increase) in Inventories	335,067,031		(1,021,622,290)	
b. Decrease/(Increase) in Sundry Debtors	165,986,630		(811,988,469)	
c. Decrease/(Increase) in Loans and Advances	90,925,641		(83,705,949)	
d. Increase/(Decrease) in Trade Payables & Liabilities	110,594,265		291,994,156	
		702,573,567		(1,625,322,552)
Cash generated from operations		**2,658,559,574**		**323,982,060**
Less: i. Income Tax paid	411,717,808		487,457,789	
ii. Fringe Benefit Tax paid	7,395,238		7,290,242	
iii. Wealth Tax paid	93,010		94,188	
		419,206,056		494,842,219
Cash Flow before Extraordinary Items		**2,239,353,518**		**(170,860,159)**
Net Cash from Operating Activities - A		**2,239,353,518**		**(170,860,159)**

Cash Flow Statement (Contd..) For the year ended March 31, 2009

(Amount in Rupees)

Particulars	2008-2009		2007-2008	
B. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of Fixed Assets	(1,290,597,687)		(570,045,491)	
b. (Increase)/Decrease in Capital Work in Progress	261,364,943		(595,742,315)	
c. Sale of Fixed Assets	250,670		126,001	
d. Purchase of Investments	(308,975,927)		(64,969)	
e. Interest Received	14,127,521		7,234,763	
f. Dividend Received	2,373,562		1,508,243	
Net Cash from Investing Activities-B		**(1,321,456,918)**		**(1,156,983,768)**
C. Cash Flow from Financing Activities				
a. Increase/(Decrease) in Borrowings	(497,502,990)		1,759,236,080	
b. Interest paid	(182,365,723)		(129,308,874)	
c. Dividend paid	(39,856,250)		(39,856,250)	
d. Dividend Tax paid	(6,773,570)		(6,773,570)	
Net Cash from Financing Activities-C		**(726,498,533)**		**1,583,297,386**
Net Increase in Cash and Cash Equivalent (A+B+C)		**191,398,067**		**255,453,459**
Opening Cash and Bank Balances		511,453,739		256,000,280
Add: Net increase in Cash and Cash Equivalent		191,398,067		255,453,459
Closing Cash and Bank Balances		702,851,806		511,453,739

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Hyderabad
June 01, 2009

Auditors' Certificate

To
The Board of Directors
Amara Raja Batteries Limited

We have examined the attached Cash Flow Statement of Amara Raja Batteries Limited, Tirupati, for the year ended March 31, 2009. 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 01, 2009 to the members 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)

Hyderabad
June 01, 2009

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	05305	State Code	01
Balance Sheet Date	31 (Date) 03 (Month) 2009 (Year)		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	56938	Private Placement	NIL

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

Total Liabilities	8940174	Total Assets	8940174
Sources of Funds			
Paid-up Capital	170813	Reserves & Surplus	3885052
Secured Loans	2078323	Unsecured Loans	780387
Deferred Tax Liability	182508	**Total**	**7097083**
Application of Funds			
Net Fixed Assets	3209288	Investments	470986
Net Current Assets	3416809	**Total**	**7097083**

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

Turnover including other income	15920105	Total Expenditure	14693519
Profit before Tax	1226586	Profit after Tax	804787
Earning Per Share in Rs.	9.42	Dividend Rate in %	40

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

Item Code No. (ITC Code)	Product Description
850720.00	Storage Batteries - Maintenance Free Valve Regulated Lead Acid (MF-VRLA) Batteries
850710.00	Lead Acid Batteries used for Starting Piston Engines

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Financial Controller

N. RamNathan
Company Secretary

Hyderabad
June 01, 2009

Notice Of Annual General Meeting

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of Amara Raja Batteries Limited will be held on Thursday, July 30, 2009 at 3.00 p.m. at the Registered Office of the Company at Renigunta–Cuddapah Road, Karakambadi–517520, Tirupati, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited balance sheet as at March 31, 2009 and the audited profit and loss account for the year ended on that date, together with the reports of the board of directors and auditors thereon.
2. To declare dividend for the year 2008-09.
3. To appoint a director in place of Dr. Ramachandra N Galla, 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. Raymond J Brown, 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 auditors and to fix their remuneration and in this regard to consider, and if thought 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 of the Company on such remuneration to be mutually agreed between the board of directors and the auditors."

Special Business

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications (s) or re-enactment thereof, Mr. N. Sri Vishnu Raju, who was appointed as an additional director of the Company with effect from August 14, 2008 at the meeting of the board of directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."

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

   "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications (s) or re-enactment thereof, Mr. T. R. Narayanaswamy, who was appointed as an additional director of the Company with effect from June 01, 2009 at the meeting of the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation."

By Order of the Board
For **Amara Raja Batteries Limited**

Hyderabad
June 1, 2009

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. Corporate member(s) intending to send their authorised representative(s) to attend the meeting are requested to send a certified true copy of the board resolution pursuant to section 187 of the Companies Act, 1956 authorizing their representative(s) to attend and vote on their behalf at the Meeting.

3. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.

4. The Register of Members and Share Transfer Books of the Company will remain closed from July 23, 2009 to July 30, 2009 (both days inclusive).

5. Dividend as recommended by the Board of Directors, if any, declared at the Annual General Meeting, shall be paid:

   (i) in respect of shares held in physical form to those members whose names appear in the Register of Members of the Company, at the closure of business hours on July 30, 2009, after giving effect to all valid share transfers lodged with the Company or its Registrar and Share Transfer Agents viz., Cameo Corporate Services Limited, on or before July 22, 2009; and

   (ii) in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on July 22,2009.

6. Members holding shares in physical mode are requested to furnish/update their bank accounts/address details to the Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai – 600002.

7. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such change(s) are to be advised only to the Depository Participant of the member(s).

8. For the convenience of the members, the ECS form is attached at the end of this Annual Report.

9. 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) established by the Central Government.

   Section 205C of the Companies Act, 1956 envisages 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 warrant for the earlier years are requested to get their dividend warrant revalidated and encash the same.

10. Members are requested to bring their Attendance slip along with their copy of Annual Report to the meeting.

11. Members who hold shares in dematerialised form are requested to bring their client ID and DP-ID number and those who hold shares in physical form are requested to bring their Folio Number for the purpose of identification and attendance at the meeting.

12. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

BRIEF PARTICULARS OF THE DIRECTORS PROPOSED FOR APPOINTMENT/RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING
(Pursuant to clause 49 of the Listing Agreement)

I. Name of Director	Dr. Ramachandra N Galla
Date of Birth	June 01, 1938
Qualification	M.E. (Applied Electronics) from Roorkee University, Uttar Pradesh. MS (Systems Sciences) from Michigan State University, USA
Expertise	Dr. Ramachandra N Galla is an eminent industrialist and has promoted many companies. He was the Executive Chairman and Managing Director of Amara Raja Batteries Limited and later held office as Executive Chairman and now holds office as a Non Executive Chairman of the Company. His vision and expertise in the fields of engineering, management and finance has taken the Company to glorious heights.
Name (s) of other Companies in which Directorships held	1. Amara Raja Power Systems Limited 2. Mangal Precision Products Limited 3. Amara Raja Electronics Limited 4. Galla Foods Limited 5. Amara Raja Infra Private Limited 6. Amaron Batteries Private Limited 7. Andhra Pradesh Gas Power Corporation Limited.
Name of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total share held	63,97,537 equity shares of Rs. 2/- each.
II. Name of Director	**Mr. Raymond J Brown**
Date of Birth	August 28, 1950
Qualification	B.A. in Accounts & Finance from Pennsylvania State University.
Expertise	Mr. Raymond J Brown is Vice President Sales, Marketing, and Commercial Development for Johnson Controls Inc. Power Solutions business in the Asia Pacific. He joined JCI in 1980 and has held positions of increasing responsibility within JCI Sales and Marketing. His last position was as V.P. Sales and Marketing for North America Power Solutions. He was involved in the global battery growth of JCI in Mexico, South America, Europe, and Asia.
Name (s) of other Companies in which Directorships held	Nil
Name of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total share held	Nil

III. Name of Director	Mr. N. Sri Vishnu Raju
Date of Birth	December 28, 1973
Qualification	B.E.-Chemical from Osmania University, A.P.
Expertise	Mr.N.Sri Vishnu Raju is the Founder Chairman and CEO of Exciga Group, which consists of five non banking Finance companies approved by Reserve Bank of India. Exciga Group invests in various sectors like steel, housing, finance, banks, shipping, textiles, paper, petroleum, healthcare, power etc. He is the founder of many companies like Ninestar Information Technologies, an IT enabled Services Company providing solutions for publishing,newspaper, e-governance, law firm verticals, co founder of Elansoft Infocomm Limited, a Hyderabad based software product company. Mr. N. Sri Vishnu Raju was trained with Friedman Billing and Ramsey a US top 10 investment Bank as research associate.
Name (s) of other Companies in which Directorships held	1.Raasi Computer Limited 2.Raasi Software Corporation Limited 3.Elansoft Infotech Limited 4.Arlington Estates & Resorts Private Limited 5.Blue Hammock Estates Private Limited 6.Blue Hammock Software Private Limited 7.Dexter Computech Private Limited 8.Elansoft Infocom Private Limited 9.Exciga Land Holdings Private Limited 10.Exciga Properties Private Limited 11.Exciga Soft Private Limited 12.Foliage Biotech Private Limited 13.Fruiton Bio Pharma Private Limited 14.Ink Reality Projects Private Limited 15.Monza Estates Private Limited 16.Ratnamala Real Estates Private Limited 17.Revathi Finances & Leasing Private Limited 18.Unnathi Estates Private Limited 19.Verdant Realtors Private Limited 20.Viviso Estates & Lands Private Limited 21.Waporise Systems India Private Limited
Name of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total share held	Nil

IV. Name of Director	Mr. T.R. Narayanaswamy
Date of Birth	March 14, 1977
Qualification	B.Com from Loyola College, University of Madras.
Expertise	Mr. T.R.Narayanaswamy is a business man and has floated many companies. He is Chief Executive Officer of Results Marine Private Limited, Chennai. He has done his post graduation, M.Com, with specialisation in International Marketing from the Institute of Correspondence Education, University of Madras. He has immense knowledge in the fields of Business, Finance and marketing.
Name (s) of other Companies in which Directorships held	EWS Finance and Investments Private Limited Reason Unified Logistics and Technical Services Private Limited Results Marine Private Limited ICL International Limited
Name of other Companies in which Committee membership (s)/ Chairmanship (s) held	NIL
Total share held	Nil

Annexure to Notice
Explanatory Statement as required under Section 173(2) of the Companies Act, 1956.

Item No. 6

At the board meeting held on August 14, 2008, the Board of Directors of the Company ('the Board') decided to appoint Mr. N Sri. Vishnu Raju as an additional director of the Company under Section 260 of the Companies Act, 1956. Mr. N. Sri Vishnu Raju holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a member of the Company informing that at the next Annual General Meeting, the said member would like to propose the appointment of Mr. N.Sri Vishnu Raju as Director of the Company.

Mr. N.Sri Vishnu Raju is a Chemical Engineer and has expertise in the field of business, finance and management. Keeping in view the experience and expertise of Mr. N. Sri Vishnu Raju, your directors decided to appoint Mr. N. Sri Vishnu Raju as an additional director of the Company with effect from August 14, 2008, subject to the approval of the members of the Company. Details of Mr. N. Sri Vishnu Raju's qualification, expertise and directorships and memberships of other Board and Board Committees have been given in the notes to the Notice of the Annual General Meeting. Mr. N. Sri Vishnu Raju has filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956), Rules, 2003.

Your Directors commend the acceptance of the resolution by the shareholders.

No Director of the Company other than Mr. N. Sri Vishnu Raju is interested or concerned in the resolution.

Item No. 7

At the board meeting held on June 01, 2009, the Board of Directors of the Company ('the Board') decided to appoint Mr. T. R. Narayaswamy as an additional director of the Company under Section 260 of the Companies Act, 1956. Mr. T. R. Narayaswamy holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a member of the Company informing that at the next Annual General Meeting, the said member would like to propose the appointment of Mr. T. R. Narayaswamy as Director of the Company.

Mr. T. R. Narayaswamy is a Commerce Graduate and has expertise in the field of business, finance and management. Keeping in view the experience and expertise of Mr. T. R. Narayaswamy, your directors decided to appoint Mr. T. R. Narayaswamy as an additional director of the Company with effect from June 01, 2009, subject to the approval of the members of the Company. Details of Mr. T. R. Narayaswamy's qualification, expertise and directorships and memberships of other Board and Board Committees have been given in the notes to the Notice of the Annual General Meeting. Mr. T. R. Narayaswamy has filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956), Rules, 2003.

Your Directors commend the acceptance of the resolution by the shareholders.

No Director of the Company other than Mr. T. R. Narayaswamy is interested or concerned in the resolution.

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 Registered Office at Tirupati/Corporate Operations Office at Hyderabad at any time between 11.00 A.M. and 2.30 P.M. on all working days of the Company except on Saturdays from the date of this Notice until the day before the date of the Annual General Meeting.

By Order of the Board
For Amara Raja Batteries Limited

Hyderabad
June 1, 2009

N.RamNathan
Company Secretary

Amara Raja Batteries Limited

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

Dear Shareholder,

Re: ELECTRONIC CLEARING SERVICE (ECS)

We refer to the letter bearing Ref. No. List/psr/cir-I/2002 dated 16th January, 2002 issued by Stock Exchange, Mumbai according to which they have informed us that Securities Exchange Board of India (SEBI) vide its letter no. DCC/FITTCIR-3/2001 dated 15th October, 2001 has advised that all companies should mandatorily use ECS facility for distributing dividends or other cash benefits to the investors wherever available. In the absence of availability of ECS facility , the companies may use warrant for distributing the dividends. Currently, ECS facility is available at locations specified by Reserve Bank of India. We request all the shareholders to give their bank details so that all future dividend payments can be remitted through ECS. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing along with name of the shareholder on the dividend warrants issued in future.

1. ECS Details for Sharehodlers Holding Shares in Physical Form

In case of shareholders holding shares in physical form, shareholders are requested to complete the form-A printed overleaf and send the same back along with a Xerox copy of his/her bank cheque by post or hand delivery to our Registrar at the following address :

M/s. Cameo Corporate Services Limited,
"Subramanian Building",
No.1, Club House Road, Chennai – 600002

2. ECS Details For Sharehodlers Holding Shares In Demat Form

In case of shareholders holding their shares in demat mode, the shareholders are requested to provide the details to NDSL/CDSL as the case may be through their respective Depository Participant. Shareholders are also requested to note that changes directly intimated to the Company or its Registrars will not be considered.

Yours faithfully
For **Amara Raja Batteries Limited**

N. RamNathan
Company Secretary

Form A

To

M/s. Cameo Corporate Services Limited,
Unit: Amara Raja Batteries Limited
Renigunta-Cuddapah Road ,
Karakambadi- 517520,
Tirupati, Andhra Pradesh, India

Dear Sir,

Payment of Dividend through ECS (ECS Mandate Form)

I/We hereby give my/our mandate to credit my/our dividend on the shares held by me/us under the Folio mentioned, directly to my/our bank account through the Electronic Clearing Service (ECS) to prepare my/our dividend warrant with details of my/our Bank Account No. and Name of the Bank and Branch.

The Details of the Bank Account are given below:

Name of First / Sole Shareholder ....
(in block letters)

Folio No./ DP ID/Client ID No. ....

Name of Bank in Full ....

Branch Name ....

Address & Telephone No. of Bank ....

9 Digits Code Number of the Bank
and branch as appearing on
the MICR Cheque issued by the Bank. ....

Type of Account with code

Saving Bank 10	Current 11	Cash Credit 13

A/c No. (as appearing
on the Cheque Book) ....

Bank Ledger No./ Bank Ledger
Folio No. if any as appearing
on the cheque book) ....

PAN/GIR No. ....

I/We enclose a bank cancelled Cheque/Xerox copy of Cheque/Front Page of Saving Bank Pass Book to enable you to verify the details. (This is required only in case of ECS).

I/we , hereby, declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/we would not hold the Company/ the user institution responsible. I/We undertake to inform any subsequent changes in the above particulars before the relevant Book Closure Date (s). I/We understand that, the above details shall be maintained by you till I/We hold the shares in physical mode under the captioned folio.

Place: ....

Date: .... (Signature of Sole/First holder)

OUR CORE PURPOSE

To transform our spheres of influence and to improve the quality of life by building institutions that provide better access to better opportunities, goods and services to more people... all the time.

CORPORATE PHILOSOPHY

- To achieve product leadership by delivering the best products and services to the market ahead of our competition on a consistent basis.
- To extend our market opportunities through broader product offerings, increasing our client retention rates, and continuing our international expansion.
- To attract and retain an exceptionally knowledgeable and committed workforce with an undying zeal for success.
- To develop and manufacture globally competitive, customer focused products of world-class quality through in-depth research, state-of-the-art technology, cutting-edge engineering and innovative design.
- To seek acquisitions and alliances with world leaders to supplement our internal growth and advance our pursuit of new markets, products, services, clients and technologies.
- To constantly anticipate, improve and adapt to changing conditions and growing client needs to enhance our competitiveness and coagulate a strong global presence.

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 24th Annual General Meeting held on Thursday, July 30, 2009 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 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 24th Annual General Meeting of the Company to be held on Thursday, July 30, 2009 and at any adjournment thereof.

Signed this ________________ day of ________________ 2009 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.

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Printed at
Nagaraj and Company Pvt. Ltd.

Amara Raja

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Website:amararaja.co.in