GOTTA BE A BETTER WAY

AMARA RAJA BATTERIES LIMITED | 2010-11 ANNUAL REPORT

Our new baseline

Better is the most important word in the history of the world.
It never allows us to rest on our laurels.
It gently reminds us to do better than yesterday.
It prods us to think better than yesterday.

It pushes us to create better experiences for people working and interacting with us.
It urges us to be better human beings than we are.

Better. It's not a word.
It is a higher calling.

Gotta be a Better Way

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OUR NEW CORPORATE IDENTITY

Amara Raja Batteries Limited unveiled a new corporate identity in 2010-11, the 25th year of its existence.

This new identity, recognised as the Amara Raja Way, showcases the Company's five core values - experiences, innovation, excellence, entrepreneurship and responsibility.

The new logo identifies these values through separate colours on the one hand and the five natural elements on the other - integrating them through a sense of harmony.


RESPONSIBILITY
ENTREPRENEURSHIP
EXCELLENCE
INNOVATION
EXPERIENCES

Blue signifies indelible Experiences created which, like the serene and deep Water, engulfs all our stakeholders.

Burgundy symbolises Innovation which, like the vastness of Space, provides us with limitless scope to transcend boundaries.

Magenta denotes Excellence which, like the strength of Wind, lifts and drives our ceaseless pursuits.

Orange stands for Entrepreneurship which, like the energy of Fire, fuels our creativity.

Green indicates our sense of Responsibility which, like the nurturing Earth, guides us in all we do.

The new logo is the symphony of diverse elements coming together and moving forward in perfect harmony.

THE AMARA RAJA WAY.

AMARA RAJA

A DOMINANT PLAYER IN THE INDIAN BATTERY SPACE

During an eventful 25-year journey, Amara Raja Batteries Limited altered the dynamics of the Indian battery industry, established itself around innovation and consolidated its brand as a 'green battery' manufacturer.

Amara Raja has a lasting recall

- Altered the image of a battery from a mundane black box to a youthful, sleek green power pack
- Transformed the perception of lead-acid standby batteries from a product that leaked acid and corroded surroundings to a safe energy box
- Redefined the job of battery dealers from selling, filling acid and charging to only selling as Amaron batteries emerged as fully charged, 'fit and forget' when they were dispatched

MILESTONES

1992 :
Commenced production in India's first and most advanced VRLA battery plant

1996 :
Supplied the first ever VRLA battery used by Indian Railways – 1100Ah for coach air-conditioning

1997 :
Signed JV with Johnson Controls Inc (JCI), USA

2001 :
Inaugurated greenfield automotive battery plant with a 1 million unit capacity

2002 :
- Received ISO 14001 certification
- Launched Quanta™ UPS, Amaron Hi-way® and Amaron Harvest® batteries

Amara Raja is a pioneer

- Pioneered the use of VRLA technology in India
- Only battery with the patented Silver X Alloy that protects the insides from corrosion
- Introduced expanded metal technology successfully for the first time in India
- Pioneered the zero maintenance battery with a 60-month warranty
- Introduced the innovative 'Amaron® Pro Bike Rider™' battery with VRLA technology for the two-wheeler segment
- Pioneered the PowerSleek™ Front Access Terminal (FAT) battery, a neat stylish 12V mono-block power source for telecom networks
- Provided a memorable urban (Amaron® Pitstop) and rural (PowerZone™) customer purchase experience (formatted, air-conditioned outlets)

Amara Raja is a leader

- Sole supplier to Ford India
- Largest supplier of industrial standby storage power in India
- Largest single location fully integrated manufacturing facility in Asia

2004 :

- Received the Ford World Excellence award
- OE agreement with Maruti Udyog Limited

2007 :

- Launched PowerZone™ branded batteries – part of rural retail initiative
- Launched new look Amaron® product range (PRO, FLO, GO, Black and Fresh)

2008 :

Launched the Amaron® Pro Bike Rider™ – first VRLA two-wheeler batteries in India

2009 :

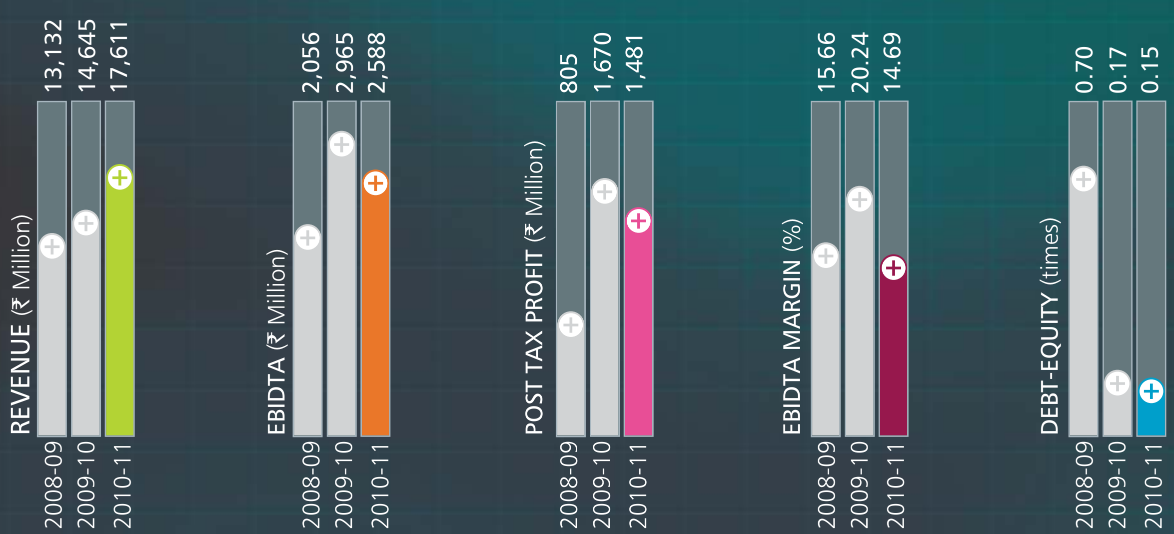
- Doubled both LVRLA and MVRLA battery capacities
- Awarded the Best Telecom Equipment Manufacturer by BSNL
- Awarded Quality Excellence Award by INDUS Towers

2010 :

- Featured in the Forbes' 'Best under a USD billion' Asia list
- Received the Supply Chain Leader 2011 Award under the category 'Dry cells and storage batteries' by Industry 2.0 India SCM Conclave
- Received the award for 'Best HR Strategy in line with Business' at the National Round

2010-11
IN RETROSPECT

- Achieved a 20% growth in sales volume of automotive and industrial batteries
- Achieved a 20% growth in net sales
- Doubled two-wheeler/small VRLA battery capacity from 1.80 million units to 3.60 million units per annum
- Touched one billion Ah sales in industrial battery business
- Introduced Amaron Volt™ Hi-Life batteries in the 2V high integrity series, a specialised storage battery used in the Indian telecom industry
- Achieved market leadership in the telecom and UPS segments
- Declared a special dividend of ₹ 2 per share on the occasion of the silver jubilee
- Received OHSAS-2007 certification
- Featured in Forbes 'Best under a USD billion' Asia list
- Received the first prize under the 'discrete manufacturing category' in CII – 4th National conference and competitions for Six Sigma
- Received the Supply Chain Leader 2011 Award under the category 'Dry cells and storage batteries' by Industry 2.0 India SCM Conclave
- Won the commendation (Foundation Award) 'Strong commitment to HR Excellence' award at the National HR Conclave of CII



Our growth
in numbers

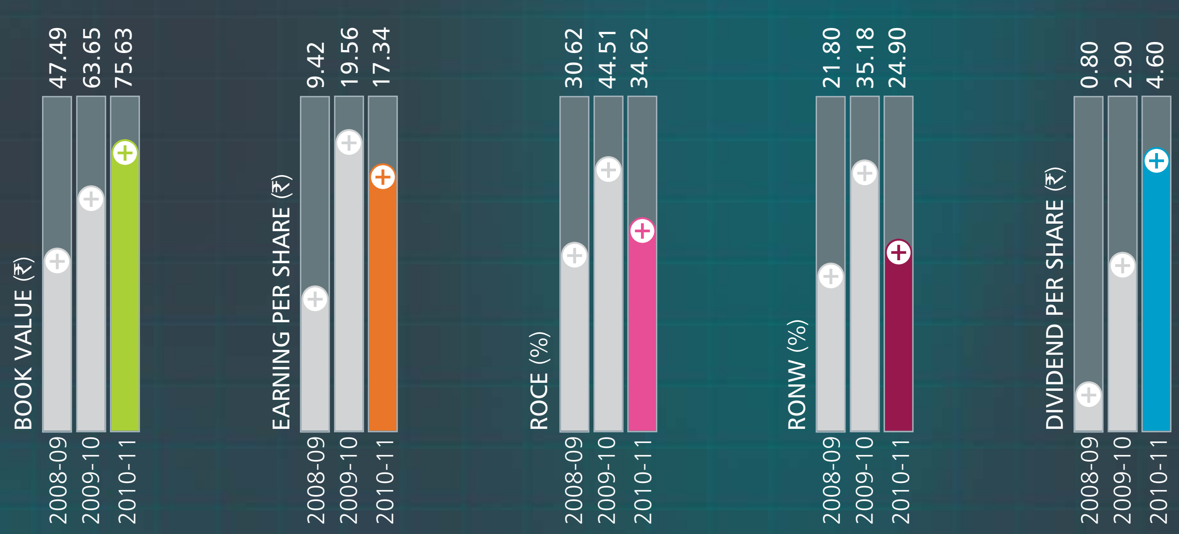
Revenue growth
20%
Over 2009-10

Book value growth
19%
Over 2009-10

Volume growth
20%
Over 2009-10

Export growth
60%
Over 2009-10

Dividend payout
58%
Over 2009-10



"OUR CORE VALUES THAT PAVED OUR PATH TO SUCCESS OVER THE LAST 25 YEARS WILL CONTINUE TO GUIDE US TO REACH AND PASS MANY MORE SUCH MILESTONES".

Dr. Ramchandra N Galla, *Chairman*

THE GLOBAL ECONOMY SHOWED STRONG INDICATIONS OF A TURNAROUND AT THE BEGINNING OF 2010-11 AND EXPECTATIONS WERE GENERALLY OPTIMISTIC. While the state of affairs is recovering from the global meltdown two years ago, the global economy is still not back to desired health. While developed nations are growing slowly, emerging economies are standing out as real drivers of the global economic activity, India and China the prime movers with India's GDP growth at 8.6 per cent in 2010-11.

The Indian manufacturing sector grew 8.8% in 2010-11. India is ranked second in terms of manufacturing competence and is currently rated as one of the most attractive global investment destinations. As per the super-cycle report by Standard Chartered's global research team, China is likely to grow at 6.9% rate over the next two decades while India is likely to grow on an average of 9.3% over the same period and trail the US as the third-largest economy by 2030. The said report also sees the world economy reaching USD308 trillion by 2030. Based on the growth and inflation forecasts, China will be a USD73 trillion economy and India will be a USD30 trillion economy by 2030. Currently, India is slightly over a trillion dollar economy.

This year

Amara Raja

celebrates its Silver Jubilee. We started our entrepreneurial journey 25 years ago, and we stand today at a significant milestone.

A new journey.... a new identity

This year Amara Raja celebrates its Silver Jubilee. We started our entrepreneurial journey 25 years ago, and we stand today at a significant milestone. We look back with satisfaction, achievement and responsibility. We look forward to continuing this journey with greater achievements and bigger goals. We are commemorating this milestone with a new corporate identity. The identity rests on five strong pillars that define our core values that we call the 'Amara Raja Way'. The new logo articulates our five core values of Experiences, Innovation, Excellence, Entrepreneurship and Responsibility, symbolising harmony and how they address the challenges of a dynamic business environment.

An ever-changing business environment warranted this change even as our core enduring values will continue to guide us to pass more milestones.

Performance…

In this special year, our Company crossed the ₹ 2000 cr mark turnover, a noteworthy milestone. We achieved market leadership in our telecom and UPS businesses in the industrial battery business and improved our aftermarket presence in the automotive battery space.

Recognitions

During the year, our Company won several accolades for its innovative and excellent practices. In appreciation of our Company's HR practices, the 'Employer Branding Institute', conferred various awards to our Company like 'Best HR Strategy in line with Business', 'Continuous Innovation in HR Strategy at Work' and 'Excellence in HR through Technology'. The Company bagged the Supply Chain Leader 2011 award under the category 'Dry cells and storage batteries' by Industry 2.0. CII awarded the first prize under the 'discrete manufacturing category' at CII- 4th National Conference and competition on Six Sigma.

Way forward

The Indian economy is set to expand faster with a projected growth being 8.5% in 2012.

Automotive battery business: The ongoing capacity additions, both in the four-wheeler and two-wheeler plants, will help the Company capitalise on opportunities. The automotive sector will propel our growth over the next few years, with India expected to become the sixth largest passenger vehicle producer in the world with annual car sales projected to increase to over 9 million by 2020.

Industrial battery business: With growing avenues, including replacement opportunities in the telecom sector, surging demand in the UPS and power sectors, exports to new geographies and the government's thrust to connect vast rural areas, there is a growing potential to drive business over the future.

In recent years, emerging economies led by China and India have confidently proven that they are not only capable of managing their own but can also influence the global economy. These countries are currently in a position to assert themselves as superior in economic management and crisis control than many advanced nations. Amara Raja Group is committed to play a significant role in this momentum of growth and prosperity through the 'Amara Raja Way'.

The 25 year journey would not have been the same without our JV partner, customers, employees, vendors and other stakeholders. I take this opportunity to thank them for making Amara Raja a force to reckon within the storage battery business in India and look forward to their continued support. I am confident that we will replicate what we have achieved in 25 years by doubling them in the next five years.

"OUR CORE PURPOSE OF CREATING INCLUSIVE AND SUSTAINABLE GROWTH WHILE DELIVERING WORLD-CLASS PRODUCTS AND SERVICES CONTINUES TO REMAIN UNWAVERING."

Jayadev Galla, *Managing Director*

The financial year 2010-11 was a year of memories and achievements for our Company. This year we completed 25 years of our existence; crossed the milestone revenue of ₹ 20 billion; launched new products; emerged market leader in Telecom and UPS (Medium VRLA) battery business; featured in Forbes "Best under a USD billion" Asia list; and unveiled our new corporate identity. Our Company's performance was supported by the stability in the Indian economy and stupendous growth in the Automobile sector. Despite lower demand in the Telecom sector, which created volume and margin pressure, our Company weathered the storm with a more diverse business mix backed by portfolio of products and expansion into new geographies.

Our Company achieved gross sales of ₹ 20,765 million in FY 2010-11 compared to ₹ 16,904 million in FY 2009-10. Net revenues for the year were at ₹ 17,611 million compared to ₹ 14,645 million in FY2009-10 recording a topline growth of 20%. The profit after tax in FY2010-11 stood at ₹ 1,481 million against ₹ 1,670 million in FY2009-10. Our Company has been achieving aggressive growth targets, with 37% CAGR in revenues and 44% CAGR in profits over the past five years.

The Board of Directors have proposed a dividend of ₹ 2.60 per share, which is in line with the dividend policy of distributing upto 15% of the net profits after tax to the shareholders. This is over and above the "One time special dividend" of ₹ 2.00 per share declared and paid in February 2011, to commemorate the silver jubilee of our Company.

In the Industrial Battery business, the year 2010-11 witnessed sharp reduction in demand in the Telecom sector, resulting in unsustainable aggression in pricing by competition, which impacted the revenue and margins. Despite the adverse market conditions, we gained market share in Telecom business, owing to our "preferred supplier" status with our customers. The thrust on volume coupled with cost efficiency initiatives moderated the impact on our margins. Customer's preference for our products was reinforced by the fact that Bharti Airtel (the leading telecom operator) preferred us for their battery requirements in Africa.

The overall sales volume touched one billion Ampere hour (Ah) with 20% growth over the previous year, backed by strong demand for UPS Quanta™ batteries. We emerged as the market leader in Telecom and UPS battery business with 42% and 32% market share respectively, backed by customers' preferences for Company's quality products.

Amaron Volt™, a specialized Hi-Life battery in the 2V high-integrity series, was launched during the year for critical applications in the Telecom, Renewable Energy and Power Control sectors, which received very good market response.

In the Automotive Battery business, sales volume grew by 20% and 58% in the four-wheeler battery and two-wheeler battery applications respectively. The growth was realized through channel expansion in the Aftermarket business, robust demand from OEMs and addition of new geographies in international markets. In the four-wheeler battery business, our Company enjoys a market share of 25% in OEM and 30% in Aftermarket segment in organized market, while market share in two-wheeler battery organized Aftermarket segment has reached 25% within three years from launch.

During the year, two-wheeler and small-VRLA battery combined installed capacity has been doubled to 3.60 million units per annum to support the growing demand for our Company's products.

Ongoing capacity additions in both the four-wheeler battery plant (4.20 million units to 5.60 million units per annum) and the two-wheeler battery plant (3.60 million units to 5 million units per annum) will be completed by the 2nd quarter of 2011-12. This will enable our Company to benefit from the growth opportunities available in the Aftermarket and new geographies outside of India, simultaneously helping our Company to garner higher market share from OEMs.

Our Company continues to enjoy comfortable liquidity and is confident of meeting the funding requirements planned for the financial year 2011-12, through internal accruals and we expect to continue to be near debt-free.

Outlook

As we celebrate the Silver Jubilee year, we are geared up with renewed vigor for a brighter future, despite near-term challenges in Telecom and possible lower growth rates in Automobile production. We are optimistic about continuing our growth story, aided by robust long-term fundamentals of the Indian economy. Our core purpose of creating inclusive and sustainable growth while delivering world-class products and services continues to remain unwavering.

In Telecom, Value Added Services (VAS) enabled by 3G and Wi-MAX, rural rollout and replacement requirement are expected to push the demand in the near future. UPS battery market will continue to show a healthy annual growth of about 14%, which coupled with emerging applications like Solar and Motive Power will propel the growth in the Industrial battery business. We anticipate increasing business opportunity from the African continent and intend to establish a strong presence there.

In spite of some slowdown in OEM production in the short-term, the Indian Automobile Industry is expected to sustain double-digit growth for the next five years on the back of a growing economy, rising incomes and favorable demographics. The Aftermarket will continue to present an attractive opportunity aided by customer preference for branded batteries and sustained growth in Automobile production.

We will continue to judiciously create capacity ahead of demand and continue to lead the market with innovative products.

We will strive to reach our stated goal of USD1billion revenues by 2015-16. It will be our endeavour to explore and excel in all business initiatives and reward all stakeholders even better in times to come.

On behalf of the Company, I take this opportunity to convey my sincere thanks to all shareholders and place on record our gratitude to our employees, customers, channel partners, bankers, suppliers and our joint-venture partner Johnson Controls Inc.

Let's all believe there's 'Gotta be a better way' and lets work together towards achieving it.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

1. The global economy

The global economy grew at a robust 4.8% in 2010 against 2.9% in 2009. Advanced and emerging economies contributed to this recovery.

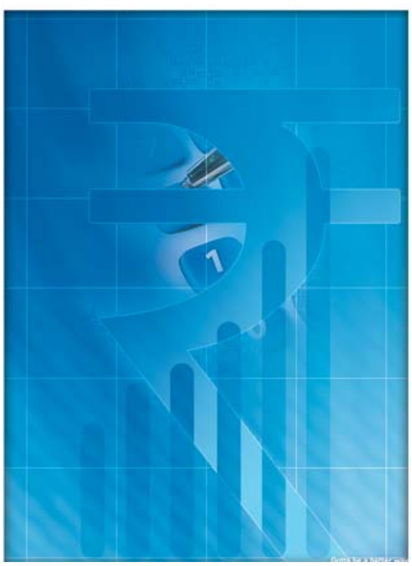
Advanced economies sustained their moderate growth, owing to stronger-than-expected consumption in the US and Japan. Private consumption, which fell sharply during the crisis, revived in advanced economies. Growth in emerging and developing economies was buoyed by private demand, accommodative policy stances and resurgent capital inflows.

However, pockets of vulnerability persisted; real estate markets and household incomes remained weak in some advanced economies. Financial turbulence re-emerged in Europe in the last quarter of 2010. Concerns about banking sector losses and fiscal sustainability – triggered by the situation in Ireland and Greece – led to an unprecedented widening of spreads in these countries. Funding pressures reappeared (to a lesser extent) -- the key difference being that their spillover to other countries was limited.

Natural disasters – floods, earthquakes and droughts, among others – took a massive toll on human life, resulting in wealth erosion.

Going forward, global GDP is projected to grow more than 3% in 2011 with developing economies expanding more than 6%, more than twice the 2.4-2.7% growth expected for advanced economies.

The International Monetary Fund (IMF) suggests that Asia's economic growth will outpace other regions on the back of strong export performance, buoyant private domestic demand and rapid credit growth. It indicated that while the global



GDP growth

	2009	2010
Global	(2.9)%	4.8%
Advanced economies	(4.8)%	2.7%
Emerging economies	0.3%	7.1%
Size of the global economy (USD trillion)	57.8	62.0

financial condition improved, it remained unusually fragile.

A report by the Asian Development Bank (ADB) suggested a slowdown in the US, Europe zone and Japan in 2011 which could lead to a lower growth in global merchandise trade.

Emerging markets will redefine global economy: According to the World Bank report 'Global Development Horizons 2011-Multi polarity: The New Global Economy', Brazil, China, India, Indonesia, South Korea and Russia are expected to drive growth in lower-income countries through cross-border commercial and financial transactions. As a Group, emerging economies are expected to grow at an average of 4.7% a year between 2011 and 2025; advanced economies, in contrast, are slated to grow by 2.3% over the same period, but will retain their global dominance. The combined real output of six major emerging economies is expected to match that of the Euro area by 2025. They will (in real terms) account for 45% of the global output in 2025, compared with about 37% in 2011 and 30% in 2004.

2. The Indian economy

India's GDP grew 8.5% in 2010-11 (8.0% during 2009-10), primarily driven by a significant growth in its agricultural sector. This resulted in record FII inflows and a revival in domestic investor confidence. Net capital inflows increased USD 13.7 billion to reach USD 36.7 billion as on March 31, 2010; foreign exchange reserves grew USD 20 billion to USD 305.49 billion.

The index for six core industries (crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) with a weight of 26.68% in the Index of Industrial Production (IIP) grew by 5.6% during April-January 2010-11, compared with a growth of 5.5% achieved during the corresponding period in 2009-10.

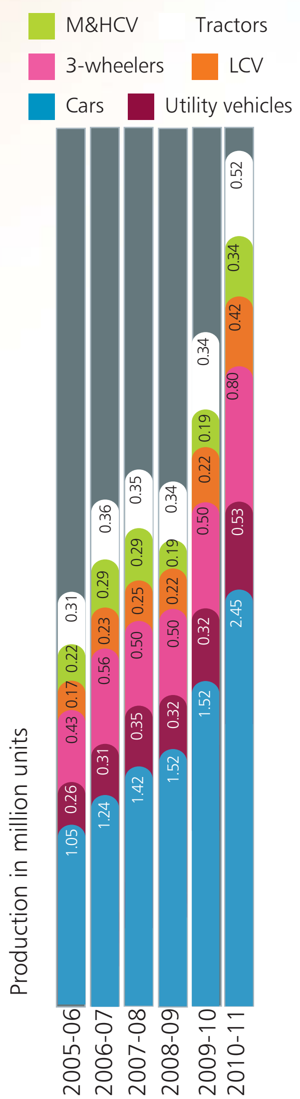
Even as macroeconomic numbers were strong, significant volatility was evident -

Snapshot

	2010-11	2009-10
Agriculture, forestry and fishing	5.4%	0.4%
Mining and quarrying	6.2%	6.9%
Manufacturing	8.8%	8.8%
Electricity, gas and water supply	5.1%	6.4%
Construction	8.0%	7.0%
Trade, hotels, transport and communication	11.0%	9.7%
Financing, insurance, realty and business services	10.6%	9.2%
Community, social and personal services	5.7%	11.8%

(Source: Prime Minister's Economic Advisory Council, PMEAC)

AS A GROUP, EMERGING ECONOMIES ARE EXPECTED TO GROW AT AN AVERAGE OF 4.7% A YEAR BETWEEN 2011 AND 2025



CAGR for the last five years (2005-06 to 2010-11): Car – 18.6%, UV 15.2%, 3W – 13%, LCV – 18.9%, M&HCV – 9.4% and Tractor – 10.8%

- not only in the numbers but also in sentiments, primarily driven by global cues and policy responses addressing inflation.

Headline inflation witnessed a relentless rise during the first half of 2010 and remained in double digits for almost five months in 2010. An uneven monsoon in 2009, domestic supply-side constraints, coupled with rising food grain and oil prices, fuelled inflation in the manufacturing goods and services sectors.

Economic growth estimates

Given the underlying momentum, the Indian economic outlook became conducive for a sustained increase in services sector growth, normalisation in agricultural output and strengthening private consumption. Substantial government thrust on infrastructure development will propel industrial sector growth. As a result, India's GDP is expected to grow 8-8.5% in 2011 as private demand gathers momentum and supports the overall growth process. However, the two perceived road blocks are inflation and rising global oil prices. In view of this, the International Monetary Fund scaled down India's growth projection for 2011 to 8.2%.

How the user sectors performed

Automotive: The Indian automotive segment registered a 26.7% growth in vehicle sales in 2010-11, owing to robust economic growth, increased rural focus and launch of new models. A total of 24 new launches were recorded in the passenger vehicle segment and 16 in the 2-wheeler segment.

Production in the automobile industry grew consistently in the last five years as shown below, which augurs well for the automobile battery replacement market.

Telecom: Indian telecom sector emerged as an economic success story, registering a consistent growth of about 35% over the past decade in terms of subscribers. According to a World Bank study, a 10% increase in teledensity is known to improve GDP growth by 0.6%. In other words, a 1% increase in mobile subscribers is estimated to increase per capita GDP by about USD 200. According to a study by the Indian Council for Research on International Economic Relations (ICRIER), higher tele-density regions have grown faster than those with lower teledensity.

The total wireless and broadband subscriber base was at 811.59 million and 11.87 million respectively by March 2011. The overall telecom penetration, including wireline connectivity, reached 157.32% in urban markets, and 33.79% in rural markets. Indian telecom sector witnessed the much-awaited 3G & BWA spectrum auction for which the Government of India received ₹1,062 billion as license fee.

However, the subscriber base growth did not translate into network expansion, as service providers and tower infrastructure companies focused on maximising the asset utilisation efficiency of existing networks through tower-sharing model. Consequently, capital expenditure declined, impacting the revenues of telecom equipment manufacturers.

IT and ITeS: The Indian IT-BPO industry witnessed robust recovery in 2010-11. The IT-BPO industry's revenues are expected to grow by 19.2% to USD 88.1 billion in 2010-11 compared with USD 73.9 billion in 2009-10.

The Indian software and services exports (including ITeS-BPO) are estimated at USD 59 billion in 2010-11, compared with USD 50 billion in 2009-10, an increase of 18%. The emerging market share in total exports increased from 9.4% in 2009-10 to 9.7% in 2010-11. The IT-BPO industry played a key role in putting India on the world map. The industry attracted more than 10% of the total FDI flowing into India.

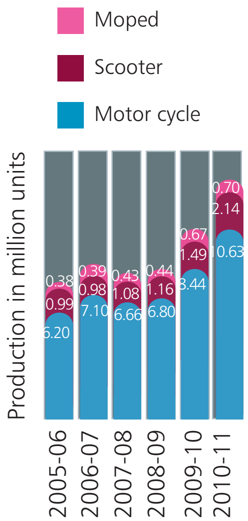
Indian battery market

The size of the Indian lead acid storage battery industry (including inverter and motive power batteries) as on March 2011, at a lead base of USD 2,500/MT, is estimated to be about ₹130 billion, comprising the industrial batteries (₹48 billion) and automotive batteries (₹82 billion). The overall size of the unorganised sector is estimated at about ₹35 billion. The automotive battery business accounts for nearly 63%, while the industrial segment accounts for the rest.

The automotive SLI (Starting, Lighting and Ignition) battery segment can be divided into the OEM (~25%) and aftermarket segments (~75%). Demand for automotive batteries is divided among different segments, with cars and utility vehicles constituting the largest share of 36%, followed by commercial vehicles at about 28%, 2-wheelers at about 21% and tractors at 15%. Demand for automotive batteries largely relies on the growth of the automobile OEMs and the aftermarket. Growth in the industrial batteries segment is driven by infrastructure and technology-related industries such as power, UPS and telecommunications.

Automotive batteries: Growth in the automotive battery segment is driven by vehicle rollout and replacement demand.

The OEM business is driven by fresh vehicle (4-wheelers and 2-wheelers) demand. Aftermarket sales are influenced by the number of vehicles in use, average battery life, average vehicle age and population growth. In the aftermarket,



Two-wheelers CAGR for the last five years (2005-06 to 2010-11): 12 %

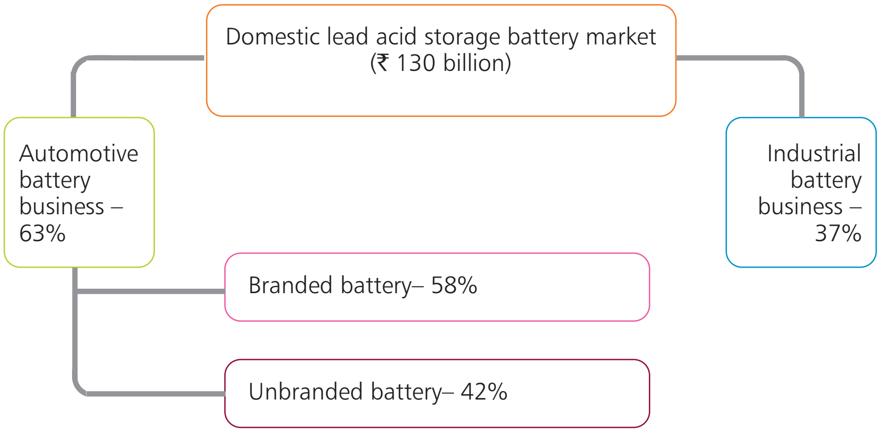
small unorganised manufacturers, who sell low-cost unbranded products, capture sizeable market share, especially when catering to commercial vehicles and tractors. However, the share of unorganised manufacturers declined in recent years owing to product unreliability, rising disposable incomes, increasing quality consciousness, environmental restrictions, technology advancements in the automotive industry and organised players increasing their presence outside major cities.

The replacement cycle of an automotive battery is determined by battery usage and other factors like charge balance, cumulative distance clocked by automobile, among others. On an average, a 4-wheeler battery life expectancy is about three years, while for the 2-wheeler battery life expectancy is around two years.

Industrial batteries: Industrial batteries have a wide range of use across infrastructure and other sectors – railways, telecom, power, uninterrupted power supply (UPS), inverters, electric fork lifts, among others. Valve Regulated Lead Acid (VRLA) batteries, being completely sealed, maintenance-free and reliable, are the most widely used in critical, remote and unmanned applications (telecom and UPS systems).

The Indian telecom sector remained the largest customer of industrial batteries even as competitive pressures and change in business dynamics forced telecom service providers to reduce capital expenditure. On the other hand, extensive computerisation of banking and government departments and persistent power shortage resulted in robust demand for UPS batteries with a growth of about 15% CAGR across five years.

ON AN AVERAGE, A 4-WHEELER BATTERY LIFE EXPECTANCY IS ABOUT THREE YEARS, WHILE FOR THE 2-WHEELER BATTERY LIFE EXPECTANCY IS AROUND TWO YEARS.



STRATEGIC BUSINESS UNIT 1

AUTOMOTIVE BATTERY

Snapshot

4-wheeler capacity	2-wheeler capacity	Market share 4-wheeler replacement (organised)
4.20 million units / annum	3.60 million units / annum	30%
March 31, 2011	March 31, 2011	2010-11

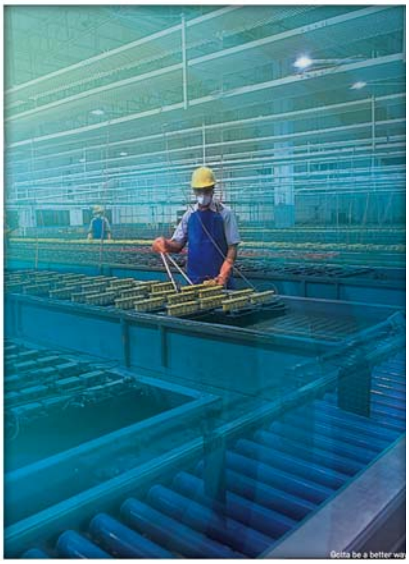
Market Share OEM (4-wheeler)	Sales volume growth	Revenue growth
25%	20%	29%
March 31, 2011	2010-11	2010-11

Overview

The automotive batteries business unit commenced operations in 2001 with technology from Johnson Controls Inc., - joint venture partner and the world's largest manufacturer of automotive batteries. It pioneered the introduction of Zero maintenance technology in India's automotive battery segment, the key differentiator in an otherwise cluttered Indian automotive battery market. AMARON® also launched batteries with a 60-month warranty (pro-rata), for the first time in India's automotive battery market. Besides product features, path-breaking initiatives around distribution, branding and people propelled AMARON® to become the fastest-growing battery brand and the second largest automotive battery manufacturer in India within a short span of 10 years.

4-wheeler segment: About 60% of automotive battery business sales volume is derived from the aftermarket segment in various formats, while the balance 40% is from sales to OEMs and exports. AMARON® is a preferred supplier to major automobile OEMs in India for diverse platforms with a 25% market share. The Company has a market share of 30% in the organised aftermarket sector, where multiple brands are sold in India. The AMARON® brand is well accepted in various countries across the Indian Ocean Rim, spanning South East Asia, Middle-East Asia and East Africa.

2-wheeler segment: Amara Raja ventured into the 2-wheeler battery space in May 2008 through its



Amaron Pro Bike Rider™ brand, the first VRLA motorcycle battery in India. The JCI technology was customised/adapted by Amara Raja for the Indian conditions. This product offers a 30% higher cranking power over the nearest competitor and comes with warranties ranging between 36 and 60 months. Within two years of launch, the brand carved out a 25% market share of the 2-wheeler replacement battery segment in the organised market.

Products range

The Company manufactures batteries for all vehicle segments (passenger cars, multi-utility vehicles, tractors, commercial vehicles, motorcycles and scooters) supported by 12 to 60 month warranties.

Distribution network

Over the years, Amara Raja created a dominant network (240 franchised distributors, about 18,000 retailers in AMARON® format, 800 exclusive retail partners in PowerZone™ format spread across semi-urban and rural locations and around 2,000 service hubs) in the automobile battery segment in India.

Highlights, 2010-11

- 20% volume growth in 4-wheeler batteries and 58% volume growth in 2-wheeler batteries over 2009-10
- Sales revenue grew 29% over 2009-10.
- Expanded the network to 240 franchisees and over 18,000 retailers in AMARON® format
- Enhanced the presence of PowerZone™ to over 800 outlets in semi-urban and rural locations across the country
- Developed and commenced supplies to TATA's prestigious SUV 'Aria'
- Revitalised our presence in Kuwait, Oman and Dubai
- Received product approval and

Brand	User segment	Warranty period
AMARON PRO	Passenger cars	60 months
AMARON FLO	Passenger cars	48 months
AMARON GO	Passenger cars	36 months
AMARON BLACK	Passenger cars	18 months
AMARON FRESH	Passenger/MUV	12 months
AMARON HI-WAY	Commercial vehicles	24 months
AMARON HARVEST	Tractors	24 months
AMARON PRO BIKE RIDER	2-wheelers	60 months
POWERZONE	Passenger Cars	12 months and 18 months
POWERZONE	Tractors	12 months and 18 months
POWERZONE	Commercial Vehicles	12 months and 18 months
POWERZONE	2-wheelers	18 months

commenced supplies to Cummins in the private label segment for DG starter application

- Received product approval from Ford for Figo supplies to Gulf countries
- Received the first prize in TPM Best Practices at AOTS (South Chapter)

Key initiatives

At the shop floor

The batteries are manufactured in the ISO 9000, ISO 14001 and TS 16949-certified plant, using world-class technology and stringent quality parameters. The plant also received the OHSAS certification during the year.

During 2010-11, several expansion activities were initiated in the automotive batteries business unit manufacturing facility in Tirupati. Two new assembly lines are planned in the 4-wheeler battery plant for which, the equipment already started arriving in March 2011. A new assembly line was commissioned in the 2-wheeler battery plant in January 2011. The TPM activities in the 4-wheeler battery plant received recognition from ABK-AOTS, southern chapter, which was awarded the "1st prize in TPM best practices".

The following initiatives helped optimise effectiveness in manufacturing operations during 2010-11:

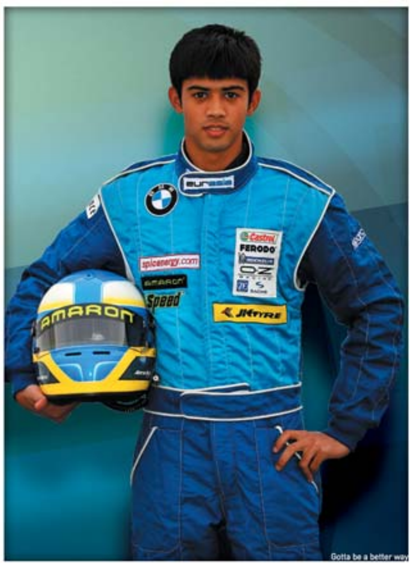
- Reduced dross from lead melting pots by almost half through the introduction of additives
- Installed energy saving lead melting pots in the grid casting area, which resulted in substantial power consumption savings
- Optimised grid casting operations for improved productivity
- Commissioned several kaizen improvements, reducing scrap and wastage
- De-bottlenecked the formation area of the automotive battery plant
- Introduced innovative 'skylights', for better shop floor lighting, using solar energy, simultaneously reducing the power consumption
- Optimised procurement costs and activities through vendor consolidation

In the product

The following are the major quality improvements achieved during 2010-11:

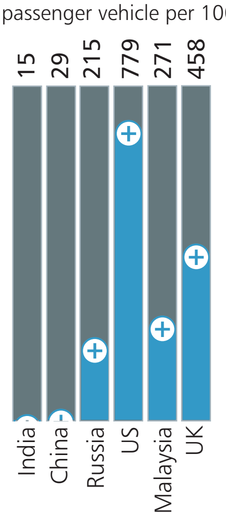
- Automated real-time process data logging of the paste mixer for improved quality, product and process traceability
- Automated SPC data computation in the pasting area in both plants to reduce human errors and process variations
- Introduced Di-electric testing for batteries at end of the line to check the integrity of sealing between the battery jar and the cover
- Designed and installed 'Visual Check' (machine equipped with three cameras) at the end of the finishing line to eliminate any non-conformance in physical features of the battery being delivered to the customer

THE BATTERIES ARE MANUFACTURED IN THE ISO 9000, ISO 14001 AND TS 16949-CERTIFIED PLANT, USING WORLD-CLASS TECHNOLOGY AND STRINGENT QUALITY PARAMETERS. THE PLANT ALSO RECEIVED THE OHSAS CERTIFICATION DURING THE YEAR.



Low passenger vehicle penetration

(No of passenger vehicle per 1000)



- Established a separate electrical testing and tear down lab inside the plant to prioritise the identification of defects and analysis
- Commissioned a study for capturing cost of quality; established baseline data for metrics
- Developed an E-Audit Management System for improving ISO/TS systems

In the market place

The following are some of the initiatives to expand reach and strengthen brand recall during 2010-11:

- Increased business share with longstanding OEM customers
- Implemented the cash-and-carry model with full vigour in the aftermarket, helping improve liquidity and working capital
- Incentivised distributors for delivering committed performance in the aftermarket
- Launched the new AMARON® brand logo with a contemporary look and feel
- Launched a pan-India TV commercial across eight television channels to celebrate 10 years of the launch of AMARON® brand
- Conducted the Amaron® Champ Talent Hunt programme across seven metros contacting 4000 mechanics
- Initiated free auto electrical diagnostic camps and deployed branded vans to enhance brand visibility across major Tier I and II cities
- Conducted the first-ever national channel partner meet of Amaron® in Bangkok, involving partners and sales people
- Amaron Karting Challenge™ Season 3 was conducted across 10 centres culminating in finals at Hyderabad
- Product launch in Dubai executed with fanfare through a channel partner meet
- Re-aligned the product portfolio to suit market needs; eliminated slower moving variants, created high-demand products in keeping with new automotive platforms

Optimism

The thrust on overall infrastructure development with specific focus on road building will catalyse industry growth. Factors like low vehicle penetration, increasing GDP growth and growing competition will enhance the price-value proposition for customers, widening the market.

Low vehicle penetration: India's low passenger vehicle and 2-wheeler penetration per 1,000 people at 12 and 71 represent an opportunity.

The automobile sector saw a 9% volume CAGR over five years (2005-06 to 2009-10). The car penetration rate in India's passenger vehicles in November 2010 was about 15 per 1,000 people as against 300 in Europe, 600 in the US and 30 in China. Going forward, we expect the 4-wheeler sector to witness a CAGR of about 20% between 2009-10 and 2011-12 on the back of rising incomes, improving penetration and favourable demographics. About 50 new car models are expected to hit the Indian roads in 2011-12, shoring up demand for automotive batteries.

Investments accelerating volume: The Indian automobile industry expects to invest up to ₹800,000 million in fresh capacity in four years; car manufacturing capacity is set to rise to 57 lac units by 2015, according to Ernst & Young, as the industry sustains a 10-15% CAGR. India expects to add one million car manufacturing capacity in 2011-12, accelerating automotive batteries demand.

Replacement market: The replacement cycle for a 4-wheeler battery on an average is three years. 4-wheeler OEM sales grew about 13% CAGR between 2005-06 and 2009-10, which is expected to convert into strong replacement battery demand.

2-wheeler segment

Replacement demand: The 2-wheeler market witnessed a CAGR of about 8% over 2004-05 to 2009-10, which is expected to create attractive replacement market demand.

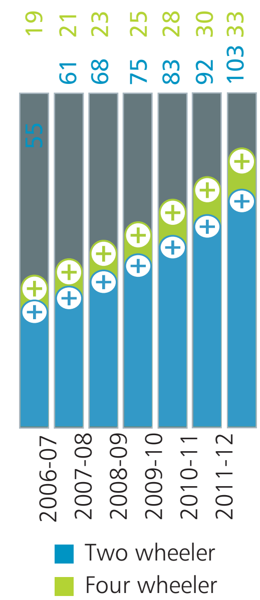
New products: The 'electric start-based 2-wheeler' volumes took off about two years ago. Owing to increased cranking frequency for an electric-start version, the average life of 2- wheeler batteries is expected to reduce from about five years to about three years, widening the replacement market.

Road ahead, 2011-12

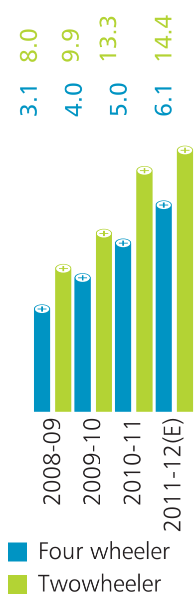
Amara Raja, buoyed by the overall positive momentum in the last two years and also owing to generally robust market conditions, laid out aggressive plans.

- Increase the 4-wheeler battery manufacturing capacity to 5.6 million units by September 2011
- Increase OEM customers to leverage new product variants entering India
- Increase 2-wheeler battery manufacturing capacity to 5 million units by September 2011
- Forge alliances to increase presence in the 2-wheeler OEM market
- Focus on 10 large export destinations in the next 18 months

Number of 2-wheeler and 4-wheeler on road (in mn)



OEM Battery demand (in mn)



STRATEGIC BUSINESS UNIT 2

INDUSTRIAL BATTERY

Snapshot

Large VRLA capacity	Medium VRLA capacity	Market share (Telecom)
900 million Ah / annum	450 million Ah / annum	42%
March 31, 2011	March 31, 2011	2010-11

Market share (UPS)	Sales volume growth	Revenue growth
32%	20%	11%
March 31, 2011	2010-11	2010-11

Highlights, 2010-11

- Sales volume increased 20%, driven largely by strong offtake in UPS batteries
- Strengthened market share to emerge as the largest supplier of batteries in the telecom segment
- Achieved more than 95% capacity utilisation for Medium VRLA batteries
- Emerged as the largest player in the UPS batteries segment in India
- Touched one billion Ah in sales
- Launched 'Amaron Volt™ Hi-Life' high integrity series batteries to provide robust back up power solutions
- Partnered with Bharti Airtel for its Africa network expansion programs as a preferred vendor

Overview

Amara Raja ventured into business with the introduction of industrial batteries in 1991. It pioneered the Maintenance Free-Valve Regulated Lead Acid battery (VRLA) technology in India and since then transformed the face of the industrial battery business in various user segments. Amara Raja's industrial battery business is engaged in manufacture of high quality VRLA batteries through unmatched performance and reliability.

The product range of Amara Raja caters to the growing needs of the telecom, UPS back-up systems, railways, solar power and power utility sectors. Some key customers include Indus towers, Bharti Airtel, GTL, VIOM networks, Tower vision among others in the telecom segment. In Indian Railways, Amara Raja's products are used in more than 40% of II and III tier air-conditioned coaches; they also support train lighting, and signalling and telecom (S&T) power supply solutions. Amara Raja has emerged as a market leader in the medium VRLA product segment for commercial UPS applications and enjoys long-term supplier relationship with national OEMs such as Emerson, Numeric, Delta, DB Power, Tritronics and Uniline, among others. The AQuA channel partners helped Amara Raja to expand its reach in critical user segments in the UPS business such as BIFS (banking, insurance, finance and services) sector, government sector, IT/ITES, manufacturing industry, among others.

Long-term strategic relationships with customers enabled Amara Raja to achieve 32% CAGR in the five years leading to 2010-11.

Products and applications

Amara Raja's products comprise large, medium and small VRLA batteries. The industrial battery product portfolio offers capacities ranging from 4.5 Ah to 5,000 Ah. During 2010-11, Amara Raja introduced AMARON VOLT™ Hi-Life batteries – 2V high integrity series, designed to be robust, enduring and reliable.

In the telecom sector, the batteries support switches and transmission (wireline and wireless) networks; the Indian Railways uses these batteries in coach air-conditioning; the batteries also support the transmission and distribution networks of power stations. The UPS batteries support IT and ITeS operations as part of UPS systems that regulate power supply to critical equipment during voltage fluctuations. Small VRLA batteries, launched in 2009-10, find application in small UPS and emergency lamps.

Product portfolio

Brand	Rating	Applications
Amaron Volt™	2V/300 – 5500 Ah	Telecom network power for tropical installations, power stations, data centres, oil and gas, and other industrial applications
Power Stack®	2V/100 – 6000 Ah	Telecom exchanges, power stations, oil and gas, Indian Railways and other industrial applications
Quanta™	12V/4.5 – 200 Ah	UPS segment, IT and ITeS industry, corporate and hotels, among others
Power Sleek™ (Front Terminal Access)	12V/100-150 Ah	Wireless telecom networks, UPS application and other niche applications

LONG-TERM STRATEGIC RELATIONSHIPS WITH CUSTOMERS ENABLED AMARA RAJA TO ACHIEVE 32% CAGR IN THE FIVE YEARS LEADING TO 2010-11.

Manufacturing facilities

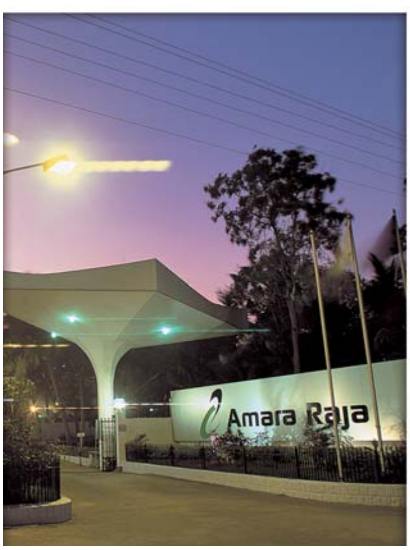
Amara Raja's industrial battery manufacturing facility in Tirupati houses technologically advanced infrastructure for producing the large and medium VRLA batteries. The plant is ISO 9001, ISO 14001 and OHSAS-accredited and is periodically audited by customers. The manufacturing facilities are established with best-in-class equipment backed by best practices in quality assurance systems along with lean manufacturing principles. In 2009-10, Amara Raja consolidated manufacturing lines for Large VRLA and Medium VRLA products under one roof and consequently derived operational efficiencies and resource utilisation benefits.

Key initiatives

The industrial battery business unit embarked on a number of initiatives during the year to maintain the leadership position in the served markets and respond to the challenges posed by the unfavourable supply-demand situation in the telecom sector where supply is far out numbering the shrinking demand. These initiatives span marketing/sales functions, manufacturing operations, product development efforts, quality systems and procurement practices.

At the shop floor

- Debottlenecked the Medium VRLA product lines to support aggressive sales growth in UPS segment and achieved 90%-plus capacity utilisation
- Adequately responded to the fluctuating quarterly demand for LVRLA products through optimal resource deployment and flexible operational strategy
- Aggressively pursued cost management strategies and achieved significant cost reduction through waste elimination, lower power consumption and improved productivity
- Launched specific programs under TPM and QCC initiatives to facilitate enhanced "Total Employee Involvement" (TEI)
  - Won the 'Best Organisation Award supporting QC Movement' for 2010 from QCFI, Hyderabad Chapter (September 2010)
  - Two QCC teams participated in state level convention and won the Gold and Silver award (September 2010)
  - Two teams participated in national level convention and one team stood in the "Excellence category" and the second team secured the "distinguished category" (December 2010)
- Established state-of-the-art facilities for employee amenities to enhance occupational health, safety and environmental standards
- Initiated Cost of Poor Quality measurement system under the Total Cost Management approach to strengthen quality metrics across



business operations beyond shop floor line quality control systems

In the market place

- Introduced AMARON Volt™ Hi-Life batteries to address the specific needs of the energy demands of the telecom sector as well as critical application demands in the solar power, data centre power, power generation, oil and gas industries, among others
- Partnered with Bharti Airtel for their African telecom network expansion programme and was selected as the preferred vendor for battery banks; supplied more than 90% of Bharti Airtel's Africa requirements
- Strengthened the distribution channel for UPS batteries and expanded channel business portfolio by tapping solar power sector requirements
- Achieved substantial growth in the UPS segment, which helped maintain overall volume growth of 20%, despite demand contraction in the telecom segment
- Rolled out specific customer engagement programs and service campaigns to enhance customer loyalty

Optimism

The Indian battery industry continues to experience healthy growth propelled by the country's economic growth drivers. Continued power deficit is a compelling reason for back-up power equipment demand of which the battery forms an important element. The industry continued to be largely dependent on Telecom and UPS segment demand whereas growth potential in power generation, transmission and distribution, coupled with emerging sectors such as renewable energy and motive power, will be demand drivers.

Telecom: According to TRAI, the total subscriber base grew from 1999-2000 through 2010-11, at a compound annual growth rate (CAGR) of 36% to reach 846 million subscribers. India is the second largest country in terms of subscribers. Urban subscribers account for more than 66% of the overall subscriber base.

From 2005-06 through 2010-11, the number of internet and broadband subscribers increased at a CAGR of 24% and 90% to reach 18 million and 12 million respectively in 2010-11. This falls short of the broadband policy's goal of 40 million internet subscribers and 20 million broadband subscribers by 2010. With the rollout of 3G technology, 3G- enabled hand held device sales are expected to increase the use of value- added services.

The high level of growth in the Indian wireless telecommunications market will continue to drive huge investment in infrastructure as well as a speedy rollout of networks into new areas. As of March 2011, there were 400,000+ telecom towers in the country. Initially, operators used their tower infrastructure, however, over the past few years, all operators

INTRODUCED AMARON VOLT™ HI-LIFE BATTERIES TO ADDRESS THE SPECIFIC NEEDS OF THE ENERGY DEMANDS OF THE TELECOM SECTOR AS WELL AS CRITICAL APPLICATION DEMANDS IN THE SOLAR POWER, DATA CENTRE POWER, POWER GENERATION, OIL AND GAS INDUSTRIES, AMONG OTHERS.

opted to share infrastructure, which significantly enhanced asset utilisation efficiency but slowed network expansion despite aggressive subscriber growth. The current tenancy ratio for the industry stands at 1.60 times, estimated to rise to 2–2.5 times.

Battery banks continue to be a critical element of the telecom network energy infrastructure and will be in demand despite slower network expansion, owing to replacement cycle. As per E&Y report, on average, 27 million units of electricity are consumed per day by the wireless tower infrastructure. About 2 billion litres of diesel per year are consumed for cell sites, which is subsidised by the Government of India. Deployment of renewable energy technologies in cell sites would bring in corresponding opportunities and challenges for energy storage devices such as batteries. Additionally, focus on network operating efficiencies, cost management and uptime reliability is forcing customers to opt for dependable and high quality products and supplier partners.

The Telecom Regulatory Authority of India (TRAI) recently released its recommendations on "Approach Towards Green Telecommunications". These recommendations hold significant promise for the advancement of new technologies and new business models. The Company is geared to meet challenges arising out of these developments and capitalise on opportunities.

Power/uninterrupted Power Supply (UPS): India's power generation capacity - including state, central and private utilities - is around 1,73,000 MW while grid-connected captive capacities add another 20,000 MW. The average power shortage is around 8-9% and peak shortages hit about 12-15%. Over the 11th Plan (ending 2011-12), India hopes to add 52,000 MW against the original target of 78,000 MW while the 12th Plan (2012-17) targets addition of another 1,00,000 -1,10,000 MW. Between 2007-08 and 2010-11, about 34,000 MW was added and another 20,000 MW is in various stages of implementation.

Amidst all these developments in the power sector, the back-up power industry played a vital role to bridge the gap between power demand and supply. Power backup market in India is growing at an annual rate of 15-20% varying within the four different segments namely generators, UPS, inverters and batteries. This industry size is estimated between USD 3-3.5 billion. With an increasing power deficit, the power backup sector is crucial to sustain the economic momentum of the nation.

The growth of manufacturing, telecom and IT sectors along with an increasing need for individual households to have power backup solutions owing to an unreliable grid supply, will continue to be the primary driver for the growth of UPS/Inverter industry.

IT sector: The estimates for the growth in the IT sector provide a sizeable opportunity for UPS battery manufacturers. According to NASSCOM, e-governance is a USD 9 billion business opportunity. According to McKinsey, IT exports are expected to reach USD 175 billion in revenue by 2020 and the domestic component could touch USD 50 billion by then (McKinsey). Gartner predicts that the domestic BPO market could reach USD 1.69 billion in 2012 and increase to USD 2.47 billion by 2014 from USD 1.1 billion in 2010. Internet penetration rate in India is expected to grow from 7% to 19% by 2015.

ATMs: The ATM network in India is set to expand owing to the 'brown label' concept (where hardware and the space is owned by a service provider, but cash management and connectivity to banking networks is provided by a sponsor bank whose brand is used on the ATM), which captured the focus of large banks as it enables them to install hundreds of machines in weeks. The model is expected to grow the number of machines from 75,000 to 1,50,000 by 2015, a sizeable opportunity for UPS battery manufacturers.

Government IT plans: The Government's e-governance initiative represents a USD 9 billion IT opportunity. The World Bank approved a USD 150 million loan for India to accelerate implementation of its National e-Governance Plan (NeGP), which aims to transform the service delivery system.

Batteries constitute a significant part of UPS system in value terms and also have a replacement cycle that will keep the demand for UPS batteries at a healthy growth rate of 14-15% CAGR over the next five year period. The Company is well poised to participate in this market aggressively and continue its leadership position that it currently enjoys, both in terms of market share (32%) and customer preference.

During 2010-11, the Company achieved over 50% growth in UPS battery sales volume assuming the leadership position among suppliers of Medium VRLA product range. The QUANTA™ brand UPS batteries emerged as a preferred brand to many OE customers and end users; the 75+ strong channel partners (AQuA) continue to play a key role in maintaining growth. The fact that more than 30% of the current market requirement is met by imports from China and South East Asian countries indicates a huge opportunity for Indian battery manufacturers.

Renewable energy: India is the world's sixth largest energy consumer, accounting for 3.4% of global energy consumption. India is the twelfth largest economy, with a GDP (Gross Domestic Product) of USD 1 trillion+. Consistent GDP growth of about 8 to 9% makes it the second-fastest emerging economy after China. There is a high demand for energy, which is currently met by coal,

DURING 2010-11, THE COMPANY ACHIEVED OVER 50% GROWTH IN UPS BATTERY SALES VOLUME ASSUMING THE LEADERSHIP POSITION AMONG SUPPLIERS OF MEDIUM VRLA PRODUCT RANGE.

hydro, oil and gas.

India has a vast potential for renewable energy sources, especially in areas such as solar power, biomass and wind power. The current installed capacity of renewable energy is around 18,000 MW, constituting about 10.5% of India's total installed power generation capacity. Technological breakthroughs for cost-effective photovoltaic technology could generate a quantum leap in the renewable energy sector. India's solar energy potential is among the best in the world with around 300 sunny days a year. To tap this abundant source of clean energy, the government set up the Jawaharlal Nehru National Solar Mission (JNNSM), under which it intends to commission 20,000 MW in grid-connected solar power by 2022.

The accelerated progress in adopting renewable energy sources, technological breakthroughs in improving the cost-value equation and success of JNNSM can throw up significant opportunities for battery products. The Company has lined up strategic initiatives to tap this potential.

Road ahead, 2011-12

- Enhance the product portfolio to address untapped business segments with tubular battery technology
- Expand geographic access by leveraging access to African and South East Asian markets
- Reinforce AMARON Volt™ product through enhanced installation
- Establish additional manufacturing capacities for the Medium VRLA product line
- Improve operational efficiencies and cost management through 'Continuous Improvement Programs' (CIPs)

BUSINESS DRIVERS 1

SUPPLY CHAIN MANAGEMENT

Supply chain management enhances operational sustainability. It comprises procurement of key inputs – lead and separator from global sources for expanded operations, procurement of other materials and consumables from multiple vendors, reaching products to OEM and institutional customers' facilities just-in-time, ensuring adequate supplies to more than 18,000 AMARON® and 800 PowerZone™ retailers across the country while optimising logistic and warehousing costs.

Raw material sourcing: Lead and its alloys are key inputs in battery manufacture. Around 55% of Amara Raja's lead requirement is imported with prices linked to LME average monthly prices. Amara Raja procures a majority of its lead requirement from Korea and Australia; it also sources the non-ferrous metal from Hindustan Zinc Limited and local recycling smelters (secondary lead). During 2010-11, lead prices strengthened from USD 2,265/MT in April 2010 to USD 2,605/MT in March 2011.

To secure uniform supplies of key materials at optimal costs, Amara Raja implemented the following initiatives:

- Entered into supply agreements for almost 100% of the estimated quantity as per its business plan
- Sourced materials through a defined low cost procurement process; explored procurement synergies with its JV partner
- Ensured that junk batteries collected were processed through Ministry of Environment and Forests (MoEF)-certified smelters and converted into usable resources
- Enhanced lead procurement from local recycling smelters at predefined specifications
- Improved junk battery collection considerably

Logistics: This function comprised inbound and outbound logistics managed through appointed agents. Amara Raja optimised logistic costs through the following initiatives:

- Ensured quality trucks are used in outbound and inbound logistics to reduce accidents and transit damages
- Utilised vehicle space effectively by increasing loading factor
- Scanned freight trends in the markets periodically to optimise logistics cost, matching industry standards
- Entered into annual contracts with all service providers with a risk purchase clause, leading to service dependability
- Conducted safe driving campaigns; promoted fuel efficiency measures to boost logistic efficiency

AMARA RAJA ENSURES THAT JUNK BATTERIES COLLECTED WERE PROCESSED THROUGH MINISTRY OF ENVIRONMENT AND FORESTS (MoEF)-CERTIFIED SMELTERS AND CONVERTED INTO USABLE RESOURCES

IT IS GREEN!

AMARA RAJA ADOPTED A FUEL EFFICIENT LOGISTICS MECHANISM PROPOSED BY ITS LOGISTICS PARTNER. IT UPGRADED FROM A MULTI-AXLE VEHICLE (32 FT TRAILER) TO A VOLVO VEHICLE (40 FT TRAILER) WHERE TRANSPORTATION COST WAS 4% HIGHER BUT LOAD CARRYING CAPACITY WAS 15% HIGHER, ACCOMPANIED BY A DECLINE IN TRANSIT TIME FROM SEVEN DAYS TO FIVE DAYS.

- Created a periodic reward mechanism for the best logistic service providers covering speed, quality and safety
- Tracked export and import consignment timings to reduce port handling charges

Distribution and warehouse: Of the 29 warehouses, four are managed by Amara Raja and the rest by Clearing and Forwarding Agents (CFAs). The following are some of the initiatives undertaken by Amara Raja to improve service levels:

- Created a CFA performance monitoring and rewarding system to improve customer service
- Monitored inventories across the country to ensure adherence to FIFO method of stock movement, facilitating the identification of slow-moving material , if any
- Provided training to warehouse staff to improve service quality and optimise costs
- Reduced secondary freight costs through logistic innovation
- Identified the hub-and-spoke model of product distribution to conform to the GST regime proposed by the government
- 5S practices helped control storage costs and maintain product quality till the merchandise reaches the consumption point
- Centralised the POP warehouse to improve customer awareness and deliver products with speed

BUSINESS DRIVERS 2

QUALITY MANAGEMENT

Health, safety and environmental quality are given utmost importance in all operations of the organisation. Amara Raja is committed to conduct operations in a diligent and responsible manner to protect human health, personal safety and environment. Amara Raja is certified for Environmental Management System (EMS) - ISO 14001:2004.

To bring more focus to Occupational Health & Safety (OH&S) practices, Amara Raja implemented the OH&S management system and received OHSAS:2007 certification during this financial year.

Being an automotive battery supplier to OE customers, Amara Raja is certified for ISO/TS 16949:2009 and ISO 9001:2008. It constantly focused on process and product performance improvements, providing superior value to esteemed customers.

Amara Raja continues to place a special emphasis on Continuous Improvement (CI) and Lean implementation across the organisation through a dedicated apex level team.

During the year under review, the strategic business units focused on continuous deployment of Six Sigma methodology to optimise processes and drive cost efficiency. Under Lean methodology, TPM, QCC, Visual Management, 5S and Work study were deployed to develop processes lean, improve productivity, optimise conversion costs, and make the plants safer.

Deployment of Best Business Practices (BBP) - comparing with JV partners' plants across the world and benchmarking with best-in-class practices helped Amara Raja improve metrics related to productivity at every stages of manufacture. To compensate increasing input costs, special Continuous Improvement program called "TURBO savings" was deployed to eliminate unwanted costs. Through an active involvement of all employees, hard savings of ₹145 million were achieved during 2010-11. Amara Raja also won the following awards during the year under review:

1. First prize under 'Discrete Manufacturing Category' in fourth national competitions on Six Sigma organised by CII (two time winner in all four editions)
2. First prize for TPM Best practices by AOTS, Japan - southern chapter
3. Best organisation award supporting QC movement from QCFI, Hyderabad chapter

AMARA RAJA WON THE FIRST PRIZE FOR TPM BEST PRACTICES BY AOTS, JAPAN - SOUTHERN CHAPTER AND THE BEST ORGANISATION AWARD SUPPORTING QC MOVEMENT FROM QCFI, HYDERABAD CHAPTER

BUSINESS DRIVERS 3

INFORMATION TECHNOLOGY

DURING THE YEAR, AMARA RAJA EMBARKED ON THE IMPLEMENTATION OF BUSINESS INTELLIGENCE SOFTWARE – SAP BUSINESS OBJECTS - TO PROVIDE REAL-TIME DATA TO ALL BUSINESS HEADS.

Amara Raja's contemporary IT infrastructure accelerated organisational speed, integrated various processes across the organisation and optimised costs.

Amara Raja implemented SAP (ECC 6.0) in February 2010 covering all locations. During the year under review, IT team stabilised the performance of SAP and worked on functionality enhancements to provide accurate business information in real-time. Tight integration of various modules of SAP ensures data integrity and provides on-line view of the operations to top management. IT team developed several reports customised for specific user requirements and process owners to streamline operations and decision-making. The performance of attendance and leave management system was enhanced.

During the year, Amara Raja embarked on the implementation of Business Intelligence software – SAP Business Objects - to provide real-time data to all business heads. Amara Raja is developing software for its AMARON® franchisees to help run their business efficiently. This will automate real-time information about secondary sales, which can be utilised for accurate business analysis, production planning and warranty management.

Implementation of Advanced Planning (AP) and Customer Relationship Management (CRM) modules of SAP, in the near future, will further enhance efficiency and improve costs. Amara Raja periodically reviews and validates overall security architecture and continues to invest to further strengthen the overall security framework.

BUSINESS DRIVERS 4

PEOPLE STRATEGY AND ALIGNMENT

"Facilitating achievement of business objectives in an invigorating work environment through continual enhancement of employee engagement, employee development and employee performance."

Overview

Amara Raja's success is derived from inspiring relationships between its people around a culture that is knowledge-focused, people-sensitive and performance-oriented.

Amara Raja's human resources approach focuses on the following:

- Recruitment and talent acquisition
- Training and career development
- Performance and compensation management
- Operations and statutory compliance

Amara Raja attracts talent and provides career growth. Amara Raja's human development modules enhance team spirit; the Company provides performance-based incentives and grooms leaders through rigorous training (employee-engagement model). All people initiatives and programmes are aligned with the business needs. The organisation remained young with the average age of employees at 31 years as on March 31, 2011 (across 2,999 members).

Awards and recognition

In 2010-11, Amara Raja was recognised for its Human Resources strategy and processes by the Employer Branding Institute of India through the following awards:

- 22nd place as one of the Best Employers in India
- 'Continuous Innovation in HR Strategy at Work' in the national round
- 'Best HR Strategy in line with Business' in the national round
- 'Best HR Strategy in line with Business' in the southern regional round
- 'Continuous Innovation in HR Strategy at Work' in the southern regional round
- 'Excellence in HR Through Technology' in the southern regional round

Talent acquisition

The exclusive talent acquisition cell continued to focus on acquiring and inducting talent. The SBU leadership teams held the primary responsibility for building their respective business teams.

Through 'Nava Prathibha' programme, 507 fresh talents were inducted in a structured way in 2010-11, covering workmen, staff and management levels. The customised programmes under 'Nava Prathibha' comprised Amara Raja Training Scheme (ARTS), Amara Raja Graduate and Technician Training Programme (ARGTP) and Amara Raja Graduate Engineer Trainee (GET),

Management Trainee (MT) Programme (ARGMP).

AR e-Induction

Amara Raja's intranet-based e-induction for new recruits enabled on-board processes, which the employee was required to complete within 72 hours of joining. The process was designed around quizzes and interactive content to facilitate faster alignment of the recruit into the organisation.

The programme comprised modules on the facets of Amara Raja, its corporate social responsibility and people development to familiarise the recruit with different products, processes, milestones and culture.

Learning and Development

Amara Raja Learning and Development Calendar (ARLDC) captured developmental needs arising out of performance appraisals, TQM, TPM and several other initiatives. During the year under review, in-house programmes were anchored to build technical and soft skills. Employees were nominated for specialised learning and development workshops/seminars organised by external learning institutions/agencies.

Respective SBU teams anchored their specific team building workshops to help align their customer needs with overall business needs. The team workshops were also anchored to generate togetherness and harmony in achieving business objectives as an SBU and company.

The introduction of e-Learning made it possible for participants to choose content and tools appropriate to their differing interests, needs and skill levels with 24x7 accessibility.

Employee engagement

Amara Raja launched the AR-Speak survey, comprising 19 dimensions in 2007-08. A similar employee engagement survey was anchored in August 2010, drawing full employee participation. Based on survey inputs, change action plans were drawn at various levels followed by relevant actions.

HR portal

ARG-HR portal, the employee's intranet portal, served as an HR window of the organisation. The portal's interactive learning forum provided feedback.

CII-HR Excellence Recognition

Amara Raja adopted the Confederation of Indian Industry-Human resources (CII-HR) Excellence Model. For the first time in March 2010, the organisation participated in an external on-site assessment by external assessors (appointed by CII) on HR strategy, processes and practices based on the HR excellence model. This assessment will enable Amara Raja to excel in human resources as well as performance processes, practices and capabilities.

Amara Raja won the commendation (Foundation Award) 'Strong commitment to HR Excellence' award at the National HR Conclave of CII in July 2010.

AMARA RAJA WON THE COMMENDATION (FOUNDATION AWARD) 'STRONG COMMITMENT TO HR EXCELLENCE' AWARD AT THE NATIONAL HR CONCLAVE OF CII IN JULY 2010.

ANALYSIS OF THE FINANCIAL STATEMENTS

Accounting policy

The financial statements were prepared to comply, in all material respects, with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The financial statements were prepared under the historical cost convention on an accrual basis. The accounting policies were consistently applied by Amara Raja and were in line with those used in the previous years. The estimates and judgements used in the preparation of financial statements have been made on prudent and reasonable basis to reflect in a true and fair manner the substance of transactions, and reasonably present the state of affairs, profits and cash flow for the year.

Key highlights, 2010-11

Absolutes

- Net sales increased 20% from ₹14,645 million in 2009-10 to ₹17,611million in 2010-11
- EBIDTA declined 13% from ₹2,965 million in 2009-10 to ₹2,588 million in 2010-11
- PBT declined 13% from ₹2,546 million in 2009-10 to ₹2,210 million in 2010-11
- PAT dropped 11% from ₹1,670 million in 2009-10 to ₹1,481 million in 2010-11

Derivatives

- EBIDTA margin declined 555 bps from 20.24% in 2009-10 to 14.69% in 2010-11
- PBT margin declined 484 bps from 17.38% in 2009-10 to 12.54% in 2010-11
- PAT margin declined 300 bps from 11.40% in 2009-10 to 8.40% in 2010-11
- ROCE declined from 44.51% in 2009-10 to 34.62% in 2010-11

Analysis

- Every rupee invested in the fixed assets yielded higher revenue – fixed assets turnover ratio improved from 4.79 times in 2009-10 to 5.59 times in 2010-11
- Decline in profit margins reflect the challenges, in terms of demand and price, prevalent in the telecom segment and higher input costs
- Income from investment (interest and dividend) was significantly higher than the interest liability, making Amara Raja a net interest earner
- Even as Amara Raja invested about ₹625 million in its gross block in 2010-11, the Debt-Equity ratio strengthened to 0.15:1 (0.17:1 as on March 31, 2010)

Revenue and Price

Gross sales grew 23% from ₹16,904

EVERY RUPEE INVESTED IN THE FIXED ASSETS YIELDED HIGHER REVENUE – FIXED ASSETS TURNOVER RATIO IMPROVED FROM 4.79 TIMES IN 2009-10 TO 5.59 TIMES IN 2010-11 million 2009-10 to ₹20,765 million in 2010-11, while net sales stood at ₹17,611 million against ₹14,645 million during the same period reflecting a 20% growth. About 53% of revenue was from automotive battery business and the rest from industrial battery business.

The increase in revenue was the result of volume and value growth. While the former was owing to improved market share and growth in demand (except in the telecom segment), the latter was largely on account of an increase in lead prices. Sales volume increased 20% in the automotive and industrial battery businesses. The average LME lead price increased 13% from USD 1985/MT in 2009-10 to USD 2245/MT in 2010-11. Exports grew 60% from ₹522 million in 2009-10 to ₹834 million in 2010-11. Exports grew both in the automotive and industrial businesses.

The price in telecom business declined sharply for a given lead base by about 17%, which impacted the revenue growth and profitability considerably. Amara Raja mitigated cost impacts through pricing actions in the automotive aftermarket business. Amara Raja was successful in increasing the base price in OEM to offset the non-lead input cost and conversion cost inflation. In the UPS sector, it managed to moderate the cost impact to a major extent.

Other income

Other income declined 44% from ₹170 million in 2009-10 to ₹96 million in 2010-11 largely owing to reduction in foreign exchange gain by ₹116 million compared with the previous year. Interest and dividend income increased significantly to ₹54 million, a result of short-term investments and fixed deposits. Non-operating income comprised 2.44% of profit before tax in 2010-11, signifying Amara Raja's focus on core operations.

Cost analysis

Purchase of trading goods: This represents purchase of home UPS, private labelled under the PowerZone™ and AMARON® brand, for sale through the PowerZone™ and AMARON® retail outlets along with inverter batteries. During the year, the Company imported small VRLA batteries under the brand name of Quanta™ which were traded through the UPS battery channel (AQuA) to bridge the gap in product portfolio. This resulted in a sizeable increase in the purchase of trading goods from ₹35 million in 2009-10 to ₹74 million in 2010-11.

Material costs: Material consumption increased 32% from ₹8,796 million in 2009-10 to ₹11,599 million in 2010-11 largely owing to increased production and increased input prices. Lead prices (consumption base) increased from an average USD 1,700 per tonne in 2009-10 to USD 2,150 per tonne in 2010-11. Material consumption as a percentage of net sales increased from 60% in 2009-10 to 66% in 2010-11, key reason for such an increase is drop in

EXPORTS GREW 60% FROM ₹522 MILLION IN 2009-10 TO ₹834 MILLION IN 2010-11. EXPORTS GREW BOTH IN THE AUTOMOTIVE AND INDUSTRIAL BUSINESSES.

telecom sector realisation and increase in non-lead input costs.

Employee cost: People costs increased 24% from ₹624 million in 2009-10 (4.26% of net sales) to ₹775 million (4.39% of net sales) in 2010-11. The increase was driven by a higher employee base, necessitated by an enhanced volume of operations, annual pay revisions and a higher provision for leave encashment.

Manufacturing expenses: Manufacturing expenses increased 39% from ₹613 million in 2009-10 to ₹850 million in 2010-11 on account of increased power and fuel costs and increase in stores and spares consumption. Reason for this increase was enhanced production volumes, both in the industrial and automotive businesses – more importantly, the additional capacity in the 2-wheeler segment. Higher power cost was owing to an increase in tariff and power outages, forcing the use of DG sets.

Selling expenses: This increased 13% from ₹1,112 million (7.59% of net sales) in 2009-10 to ₹1,254 million (7.12% of net sales) in 2010-11. The increase was owing to higher freight outward expenses warranted by improved sales volume coupled with an increase in freight cost and higher warranty provision.

Administrative expenses: This declined 3% from ₹566 million (3.86% of net sales) in 2009-10 to ₹547 million (3.11% of net sales). Other expenses, including provision for doubtful debts and bad debt write off, came down significantly from ₹39 million in 2009-10 to 16 million in 2010-11, resultant of substantial improvement in quality of receivables.

Financial expenses: This dropped considerably from ₹68 million in 2009-10 to ₹15 million in 2010-11 backed by improved liquidity. Amara Raja did not utilise fund-based working capital facilities during 2010-11.

Taxation

The provision for current income tax declined from ₹840 million in 2009-10 to ₹738 million in line with a decline in profits. The average tax rate stood at 32%. An amount of ₹2.89 million was provided for income tax for 2009-10 to cover the short fall.

Profitability

The operating profit (earnings before interest, tax, depreciation and amortisation - EBIDTA) for 2010-11 stood at ₹2,588 million (previous year ₹2,965 million) representing 14.69% of net sales against 20.24% for 2009-10. Fall in operating profit, despite commendable volume growth, was primarily on account of significant drop in price realisation in telecom sector. The Profit Before Tax (PBT) and Profit After Tax (PAT) for 2010-11 was at ₹2,210 million (12.55% of net sales) and ₹1,481 million (8.41% of net sales) as against ₹2,546 million (17.38% of net sales) and ₹1,670 million (11.40% of net sales) for 2009-10 respectively.

THE FINANCIAL EXPENSES DROPPED CONSIDERABLY FROM ₹68 MILLION IN 2009-10 TO ₹15 MILLION IN 2010-11 BACKED BY IMPROVED LIQUIDITY. AMARA RAJA DID NOT UTILISE FUND-BASED WORKING CAPITAL FACILITIES DURING 2010-11.

IN 2010-11, AMARA RAJA DECLARED A SPECIAL DIVIDEND OF 100% (₹2 FOR EVERY EQUITY SHARE OF ₹2 EACH) TO COMMEMORATE THE SILVER JUBILEE YEAR. THE BOARD ALSO PROPOSED 130% DIVIDEND FOR 2010-11 TO BE APPROVED BY THE SHAREHOLDERS AT THE ENSUING ANNUAL GENERAL MEETING.

Dividend

Amara Raja maintained a prudent balance between rewarding shareholders and retaining operational surpluses for capitalising on growth initiatives. Since 2009-10, Amara Raja adopted a dividend policy of distributing upto 15% of net profit after tax as dividend to shareholders.

In 2010-11, Amara Raja declared a special dividend of 100% (₹2 for every equity share of ₹2 each) to commemorate the silver jubilee year. The Board also proposed 130% dividend for 2010-11 to be approved by the shareholders at the ensuing Annual General Meeting. If approved, the total dividend payout, including special dividend, would be ₹393 million for 2010-11 against ₹248 million for 2009-10 – a 58% increase. The total dividend payout would be 26.5% of the profit after tax for 2010-11 as against 14.8% for 2009-10.

Capital employed

Capital employed increased 20% from ₹5,709 million as on March 31, 2010 to ₹6,833 million as on March 31, 2011 largely owing to investments in capacity augmentation, facility and equipment additions and increase in working capital. The working capital facilities from banks were completely unutilised during the entire year under review; the limits were marginally utilised only towards the end of the financial year. Return on average capital employed declined from 44.51% in 2009-10 to 34.62% in 2010-11, owing to decline in profits induced by significant fall in telecom sector demand and price.

Sources of funds

Networth: Shareholders' funds increased 19% from ₹5,436 million as on March 31, 2010 to ₹6,459 million as on March 31, 2011 owing to a retention of sizeable profits. Return on average net worth declined from 35% in 2009-10 to 25% in 2010-11 owing to decline in profits.

Equity capital: The equity capital comprised 85,406,250 equity shares of ₹2 each. The promoter(s) and joint venture partner held 26% each in the equity as of March 31, 2011. The share price as on March 31, 2011 was at ₹190 as against ₹164 as on March 31, 2010. The market capitalisation as of March 31, 2011 was about ₹16,200 million.

Reserves and surplus: Reserves and surplus increased 19% from ₹5,265 million as on March 31, 2010 to ₹6,288 million as on March 31, 2011 – owing to a ₹1,023 million plough back of operational surplus in 2010-11 as against ₹1,380 million in 2009-10. The book value per share stood at ₹76 as on March 31, 2011 against ₹64 as on March 31, 2010.

Borrowings

The interest-bearing debt portfolio stood at ₹240 million as on March 31, 2011 as against ₹273 million as on March 31, 2010. In 2010-11 Amara Raja repaid USD 4 million out of a USD 6 million outstanding foreign currency loan, while the balance USD 2 million will be repaid in September 2011.

Working capital requirements were managed completely out of internal accruals. Amara Raja did not avail fund-based working capital facilities during the year except for limited utilisation during the last week of the financial year. The debt-equity ratio (without adjusting for surplus cash) declined to 0.15 as on March 31, 2011 against 0.17 as on March 31, 2010.

The interest-free sales tax deferment loan represents a financial incentive by the state of Andhra Pradesh for setting up industry in a backward area. The sales tax collected by the Company in a particular year needs to be paid to the government after 14 years. This balance increased from ₹639 million as on March 31, 2010 to ₹710 million as on March 31, 2011.

Credit rating agency CRISIL reaffirmed 'AA/Stable' for fund-based borrowing and P1+ for non-fund based limits based on the financial strength and growth prospects of Amara Raja despite significant challenges in the telecom sector.

Interest: Consequent to a huge reduction in external funding, interest cost declined 78.58% from ₹68 million in 2009-10 to ₹15 million in 2010-11.

Application of funds

Fixed assets

Gross block increased 10% from ₹4,911 million as on March 31, 2010 to ₹5,388 million as on March 31, 2011 due to the following:

a) Capacity augmentation in motor cycle plant from 1.80 million units per annum to 3.60 million units per annum

b) Capitalisation of land purchased at Uttarakhand

c) Development of various infrastructure facilities at the plant

d) Capital expenditure to improve productivity and new product development.

Depreciation was provided under the Straight Line Method (SLM) in accordance with Schedule XIV of the Companies Act, 1956. Despite an increase in the gross block, the provision for depreciation declined from ₹429 million in 2009-10 to ₹417 million in 2010-11 – owing to the ageing of the plant. Accumulated depreciation as a percentage of gross block was 41.5% as on March 31, 2011. Fixed assets turnover ratio increased from 4.79 times in 2009-10 to 5.59 times in 2010-11.

Capital work-in-progress: CWIP increased significantly from ₹227 million as on March 31, 2010 to ₹375 million as on March 31, 2011. The increase was owing to the ongoing capacity expansion in the automotive business (2-wheeler and 4-wheeler battery).

	2008-09	2009-10	2010-11
Debt equity ratio	0.70	0.17	0.15

CREDIT RATING AGENCY CRISIL REAFFIRMED 'AA/STABLE' FOR FUND-BASED BORROWING AND P1+ FOR NON-FUND BASED LIMITS BASED ON THE FINANCIAL STRENGTH AND GROWTH PROSPECTS OF AMARA RAJA DESPITE SIGNIFICANT CHALLENGES IN THE TELECOM SECTOR.

THE INVESTMENTS IN FIXED ASSETS WERE MET OUT OF INTERNAL ACCRUALS AND THE SURPLUS CASH WAS PARKED IN LIQUID FUNDS AND IN BANK DEPOSITS.

Investments

The investment portfolio remained at the previous year level – ₹161 million as on March 31, 2011. The portfolio primarily comprised investment in equity shares of Andhra Pradesh Gas Power Corporation Limited, which entitles 4.50 MW power at an attractive tariff. Other investments comprised investments in the equity shares of listed companies. The market value of listed investments stood at ₹53 million as on March 31, 2011 against their cost of ₹3.55 million.

Net current assets

Net current assets increased 26% from ₹3,120 million as on March 31, 2010 to ₹3,927 million as on March 31, 2011 in line with growing business volumes and input cost inflation. Amara Raja funded entire working capital through internal accruals.

Inventories: Inventories increased 31% from ₹2,176 million as on March 31, 2010 to ₹2,847 million as on March 31, 2011. This increase was on account of increased business volumes, which increased inventory from shop floor to the market place, and owing to higher lead price during February and March 2011, which increased the value of raw material inventory. The DOH (Days On Hand) for 2010-11 stood at 60 days, same as the previous year.

Debtors: Receivables increased 26% from ₹2,423 million as on March 31, 2010 to ₹3,057 million as on March 31, 2011. This increase was on account of increased business volumes. DSO (Days Sales Outstanding) marginally increased to 43 days as on March 2011 as against 41 days as on March 2010.

Loans and advances: This section comprised advances to vendors of equipment and material (predominantly lead imports) as well as to various government authorities against duties and taxes. The balance under this account increased about 2% from ₹1,087 million as on March 31, 2010 to ₹1,113 million as on March 31, 2011 primarily owing to an increase in advances to suppliers for the ongoing expansion projects and lead imports.

Current liabilities: An increase in sundry creditors for material was largely responsible for 16% increase in current liabilities from ₹1,656 million as on March 31, 2010 to ₹1,919 million as on March 31, 2011. This increase was attributed to growing scale, necessitating an increase in the purchase of materials and consumables.

Provisions: The balance under this account marginally increased from ₹1,534 million as on March 31, 2010 to ₹1,572 million as on March 31, 2011. This was owing to a decline in the provision for taxation and an increase in the provision for leave encashment arrived at on an actuarial basis. There was a considerable increase in provision for warranty to take care of future probable liabilities.

Liquidity

Liquidity continued to be at comfortable levels during the entire financial year aided by 'Cash and Carry' system of sales in automotive aftermarket coupled with a concerted effort to manage the overall working capital at optimal levels, though the volume of operation has increased considerably. During the year, Amara Raja repaid USD 4 million against USD 6 million (External Commercial Borrowing) foreign exchange loan outstanding as of March 31, 2010. The investments in fixed assets were met out of internal accruals and the surplus cash was parked in liquid funds and in bank deposits.

Internal control

Amara Raja believes that internal control is a critical tool to ensure effectiveness of management and efficiency of business. When understood and appreciated in their right perspective, internal control enables objective functioning and hard focus on results by standardising processes and optimising efforts in implementing and monitoring them. This cuts down uncertainties and avoidable risks in achieving Amara Raja's goals

Internal controls in Amara Raja are exercised through:

- Planning and control reviews for long-term plans, annual budgets with mid-term course corrections
- Incorporating critical operational and security controls into the Enterprise Resource Planning platform to enforce their implementation with minimal intervention
- Detailed manuals defining internal control, their objectives, scope and implementation for different operations
- Multi-layered checks for authentication, approval and accounting of all material transactions
- Applying accounting policies and practices consistently
- Compliance with prescribed Accounting Standards to the extent applicable
- Continuing endeavour to meet various statutory requirements
- Monitoring by in-house internal control function
- Audits and reviews by independent professionals, as required by the law and otherwise, and

Interactions between the independent auditors, management and audit committee on scope, observations and outcomes of the audits and reviews.

DE-RISKING THE BUSINESS

Risk represents the face of business uncertainty, affecting corporate performance and prospects. The objective is to identify risks as early as possible and initiate suitable measures to limit business losses.

Amara Raja's risk management framework comprises a clear understanding of strategies, policies, initiatives, norms, structured reporting and control. It ensures that the risk management discipline is centrally initiated by the senior management and progressively decentralised across hierarchies, facilitating organisation-wide risk mitigation.

Amara Raja undertook only those business decisions that balanced risk and reward, ensuring that its revenue-generating initiatives are consistent with the risks taken, so that shareholders earned their desired total return.

01 RISKS RELATED TO THE CORPORATE

• INADEQUATE FUNDING COULD AFFECT GROWTH

Mitigation measures: Amara Raja's robust liquidity position is reflected in an important reality - it will fund its entire capex of about ₹900 million planned for 2011-12 through accruals. It will also fund its debt repayment of USD 2 million through internal accruals.

Amara Raja has tied-up sufficient working capital limits to manage its escalating operations - ₹1,000 million (fund-based) and ₹2,550 million (non-fund based) as on March 31, 2011. The working capital limits remained largely unutilised during 2010-11, as working capital requirements were funded through accruals.

Amara Raja's strong credit rating facilitates access to adequate low-cost borrowing options. Amara Raja also has an attractive option of raising funds from stock markets as and when required.

• GROWTH COULD BE AFFECTED OWING TO A SLOWDOWN IN KEY USER SECTORS

Mitigation measures: Amara Raja created a balanced business model between automotive and industrial batteries, each contributing close to 50% of volumes. Multiple user sectors in each business act as shock absorbers in the event of any unexpected slowdown.

In the automotive battery business, the growth in OEM business is dependent on macro- economic conditions, whereas after-market business is more stable with possible variance in growth rates - dependent on OEM performance (historic sales to OEMs come up for replacement in about 2-3 years). The Company's new capacities (to come on stream in 2011-12) will make it possible to grow business with OEMs (for 4-wheelers and 2-wheelers) and aftermarket market share.

In the industrial battery space, a slowdown in the domestic telecom segment allowed Amara Raja to explore export opportunities to different nations where its customers established their presence. Besides, its preferred supplier status and new product launch (AMARON VOLT™) positioned it to capitalise on replacement demand expected to set in from 2011-12 and significantly improved its market share in the telecom segment.

Amara Raja ominously strengthened its presence in the UPS battery market, emerging as a leader in this space, accelerating industrial battery business growth.

• INABILITY TO MANAGE BUSINESS GROWTH COULD AFFECT SHAREHOLDER VALUE ENHANCEMENT.

Mitigation measures: Amara Raja restructured its business under two strategic business units (SBU) - automotive and industrial. These SBUs function as independent business units but share synergies. Amara Raja, over the years, invested significantly in infrastructure, technology, product, brand, channel, people and processes. It streamlined people policies to find a place in the top 25 best employers in India. Its fast-track star performers are ready to assume greater responsibility. It invested in Information Technology to enable real-time, accurate information flow for informed and intelligent decision making.

02 RISKS RELATED TO SHOP-FLOOR OPERATIONS

• THE NON-AVAILABILITY OF LEAD COULD AFFECT PRODUCTION.

Mitigation measures: Amara Raja entered into long-term supply contracts for 100% of its lead requirement with vendors in Korea, Australia and India. Amara Raja also leveraged its relationship with its global JV partner to source additional lead volumes at competitive prices. Over the years, Amara Raja increased lead sourcing from local smelters, a trend that is expected to assure supplies and optimise cost.

• OPERATIONAL INEFFICIENCIES COULD AFFECT PRODUCTION AND PROFITABILITY.

Mitigation measures: Amara Raja batteries are manufactured in QS 9000, ISO 14001 and TS 16949-certified plants using world-class technology and stringent quality control parameters. It undertook TPM projects, reducing downtime. It created quality circles involving shop-floor members, leading to higher productivity. It undertook various de-bottlenecking exercises to enhance throughput. These initiatives enabled the plants to operate at more than 90% capacity utilisation in 2010-11 (the UPS and the automotive battery units), a benchmark that is expected to be raised in the current year.

> "OFTEN THE DIFFERENCE BETWEEN A SUCCESSFUL MAN AND A FAILURE IS NOT ONE'S BETTER ABILITIES OR IDEAS, BUT THE COURAGE THAT ONE HAS TO BET ON HIS IDEAS, TO TAKE A CALCULATED RISK, AND TO ACT." - MAXWELL MALTZ

03 RISKS RELATED TO MARKET SHARE

• INABILITY TO PASS LEAD PRICE HIKES TO CUSTOMERS.

Mitigation measures: The key input cost hike can be managed through price corrections in the automotive after-market with a time-lag. Pricing mechanism with OEMs include price variance clause to cover lead price volatility with a quarter lag. Current prices in telecom are posing a greater challenge and have touched the bottom in 2010-11; however prices are expected to show some respite. Amara Raja was successful in managing the input cost hike through price changes in the UPS sector backed by its product quality and reach.

Amara Raja is the preferred vendor to most telecom companies operating in India. Besides, the export of telecom batteries to Indian telecom players operating in overseas destinations generated sizeable volumes.

With a larger proportion of volumes generated from multiple user sectors, exposure to the telecom sector may decline (even as it could continue to be the major focus area of the industrial battery business). In addition, the increasing proportion of recycled lead (available at a 4 to 5% discount to LME prices) in the total lead consumption is expected to optimise the cost of operations.

• COMPETITION FROM THE UNORGANISED SECTOR COULD DENT GROWTH.

Mitigation measures: The unorganised sector is active in rural areas catering to trucks and tractors. This competition is declining, though at a slow pace, owing to the following reasons:

- Unreliable performance
- Low warranty tenure compared with the organised sector
- Concern for environment and stiffening norms
- Growing penetration of the organised sector in rural areas

Amara Raja launched over 800 PowerZone™ exclusive battery retail outlets in Tier II and Tier III towns and plans to expand these to 1,200 by 2012-13, to address rural demand through the PowerZone™ brand of batteries, competing effectively with unorganised sector.

CORPORATE
SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is one of the most talked about subjects across corporate India, in the last one year. The government issued recommendatory guidelines, encouraging voluntary CSR focused activity and reporting by companies.

At Amara Raja 'Group', 'Responsibility' is a core value and CSR has always been a core consideration in all its activities. Delivering high social impact on the communities around, through all its businesses, is a belief that has always driven the Group; and it continues to be so. Locating its plants in rural areas and enabling their development through employment generation, infrastructure development, social enlightenment and transformation, the Group made a significant impact on the lives of the people in those areas.

The Group also adopts a Direct Delivery model by which it ensures that the benefits from its contributions and efforts reach the intended beneficiaries directly, speedily and effectively. The Amara Raja Group delivers its corporate social activities predominantly through the following four vehicles:

RAJANNA TRUST

The major thrust areas for Rajanna Trust include:

- Farmers and agriculture
- Rural infrastructure
- Ecology and environment
- Women and family
- Health and sanitation
- Youth and employability
- Children and education
- Arts and culture

Mangamma and Gangulu Naidu Memorial Trust (Mangal Trust): The major thrust areas include education, training, health and sanitation. The Mangal Trust is predominantly engaged in village transformation with a specific focus on Petamitta and surrounding villages. This Trust works in co-ordination with the government, Rajanna Trust and other agencies.

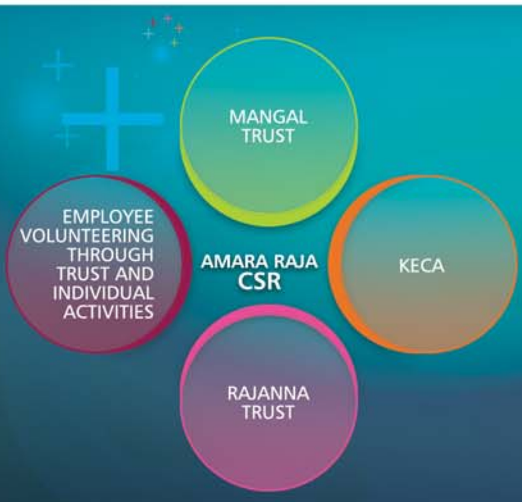
Krishnadevaraya Educational and Cultural Association (KECA): It is a voluntary organisation based in Tirupati, supported by Amara Raja Group and its employees, who are the active contributors to all major initiatives of this voluntary organisation. The major thrust area for KECA is to promote education through scholarships, sponsorship of needy students, special talent identification and support of arts and culture.

Employee volunteering is a part of the Amara Raja culture and the Group encourages all its employees to actively contribute in their individual capacity, along with group CSR activities. Commitment to corporate citizenship is an expected behaviour for employees at Amara Raja Group.

Amara Raja Batteries Limited supports CSR activities through the aforesaid Trusts by extending financial support in the form of donations. The Company adopted a policy of contributing the higher of 0.2% of its turnover or 2% of its profits before tax each year to public charitable causes.

Education

Mangal Trust is in the process of establishing an Industrial Training Institute in Petamitta village, expected to be a full-



fledged vocational training centre by 2012-13, when the first batch commences. This centre will impart skills to unskilled youth and create employability. Amara Raja Group manages two schools, one in Petamitta village and another in Karakambadi, in the vicinity of the manufacturing facility of Amara Raja Batteries Limited. The school at Petamitta village achieved unprecedented results, this year, in its tenth class examination and is being upgraded through the addition of a junior college from this academic year.

Health

The Group runs a veterinary hospital and a Public Health Centre (PHC) with requisite infrastructure. It applied to the government to establish a primary health centre under the PPP agreement. The Group responded enthusiastically to the Joy of Giving programme organised across the country this year by Goonj, a not-for-profit organisation. Around 14 metric tons of clothes and other useful material were collected from employees and others and contributed to the programme. Many camps were conducted during the year to create awareness on health and hygiene related issues, and to provide primary health scanning in rural areas.

Rural infrastructure

As part of its CSR activities over the years, the Group constructed a number of community facilities – banks, telephone exchange buildings, bus shelters, toilet blocks, visitors' rooms and roads in the communities around the manufacturing facilities. It also embarked on major initiatives – encapsulated under a programme named 'Grameena Vikasam' for the development of surrounding villages – such as the construction, rainwater storage tanks and supply channels, among others.

The Amara Raja Group was one of the first to respond to the flood crisis in September 2009, along the Krishna River in some parts of Rayalaseema and Telangana in Andhra Pradesh. Apart from the contribution of ₹50 lacs made by the Group companies and its employees during the previous financial year, the Group, as part of a consortium, embarked upon a plan to rehabilitate the affected weavers in some of the identified villages. Relentless follow-ups with various authorities resulted in the construction of community weaving sheds in the said village with significant inputs and efforts from the Group.

Agriculture and irrigation

The Group had, in the past, constructed 22 check dams and supply channels; it deepened existing ones to help farmers increase the cultivable area in this region. This boosted ground water levels, enhancing irrigation water availability, in a region where rainfall is erratic and water scarce. Around 50 villages in the Chittoor district benefited from this programme. Work on similar projects was initiated and continued during the year.

Environment

A 222-acre hillock area in Pemmagutta in Chittoor district is being developed by the Group through the planting of medicinal herbs. This social forestry initiative provides livelihood to 40 tribal families. It plans to plant about 50,000 saplings in five years, with over 30,000 already having been planted. The Group involves the local community in its CSR activities, to create a sense of belonging. During the year, the Blue Sky Programme organised by the Group attracted participation from over 1,000 villagers and school children.

Employment

The Group is committed to enhance rural living conditions around its manufacturing units through economic opportunities. This includes providing industrial training to eligible villagers and the recruitment of qualified trainees. Amara Raja Batteries Limited opened over 800 PowerZone™ rural retail outlets till 2010-11, creating additional employment.

Donations

Financial year	Total (in rupees)
2006-07	59,48,000
2007-08	1,08,73,000
2008-09	1,36,69,200
2009-10	5,13,52,935
2010-11	4,42,02,980

10 - Years **Financials**

(₹ Million)

Parameters / Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
OPERATING RESULTS										
Gross sales	20,765	16,904	15,794	13,500	7,451	4,458	2,685	1,999	1,987	1,882
Net sales	17,611	14,645	13,132	10,833	5,958	3,637	2,199	1,636	1,607	1,518
Profit before depreciation, interest and tax (PBDIT) **	2,588	2,965	2,056	1,795	905	521	262	118	227	292
Profit before interest & tax (PBIT) **	2,171	2,536	1,711	1,551	735	374	125	(4)	110	208
Profit before tax (PBT)	2,210	2,546	1,227	1,459	712	373	136	12	117	247
Profit after tax (PAT)	1,481	1,670	805	944	470	238	87	14	74	182
Dividends	393	248	68	40	40	28	23	17	17	40
Dividend Tax	65	42	12	7	7	4	3	2	2	-
Retained profits	1,023	1,380	725	897	423	206	61	(5)	55	142
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share capital	171	171	171	114	114	114	114	114	114	114
Reserves and surplus	6,288	5,266	3,885	3,217	2,323	1,899	1,693	1,632	1,637	1,583
Net worth	6,459	5,436	4,056	3,331	2,437	2,013	1,807	1,746	1,751	1,697
Debt	950	912	2,859	3,163	1,407	405	233	149	97	134
Deferred tax liability	205	216	182	169	136	120	131	145	176	160
Funds employed	7,614	6,565	7,097	6,663	3,980	2,538	2,171	2,040	2,024	1,991
APPLICATION OF FUNDS										
Gross fixed assets	5,388	4,911	4,271	3,106	2,577	1,907	1,672	1,584	1,514	1,411
Accumulated depreciation	2,237	1,854	1,458	1,217	1,009	863	724	592	469	359
Net fixed assets	3,151	3,057	2,813	1,889	1,568	1,044	948	992	1,045	1,052
Capital work-in-progress	375	227	396	657	62	48	13	10	42	43
Investments	161	161	471	162	162	320	236	209	132	130
Gross current assets	7,419	6,311	5,260	5,749	3,500	2,280	1,613	1,190	1,227	1,204
Current liabilities and provisions	3,492	3,191	1,843	1,794	1,312	1,154	639	361	524	547
Net current assets	3,927	3,120	3,417	3,955	2,188	1,126	974	829	703	657
Deferred revenue expenditure	-	-	-	-	-	-	-	-	102	109
Net assets	7,614	6,565	7,097	6,663	3,980	2,538	2,171	2,040	2,024	1,991
RATIOS										
PBT to sales (%)	12.55	17.38	9.34	13.47	11.95	10.26	6.18	0.73	7.28	16.27
PAT to sales (%)	8.41	11.40	6.13	8.71	7.89	6.54	3.96	0.86	4.60	11.99
Return on capital employed (ROCE) - (%) ++	34.62	44.51	30.62	33.91	25.44	18.55	6.81	(0.23)	6.25	12.97
Return on net worth (%) @@	24.90	35.18	21.80	32.73	21.12	12.46	4.90	0.82	4.57	11.40
Debt : Equity (times)	0.15	0.17	0.70	0.95	0.58	0.20	0.13	0.09	0.06	0.08
Fixed assets turnover (times) &&	5.59	4.79	4.67	5.73	3.80	3.48	2.32	1.65	1.54	1.44
Earnings per share (₹)	17.34	19.56	9.42	16.57	41.31	20.94	7.63	1.22	6.50	16.00
Dividend (%)	230	145	40	35	35	25	20	15	15	35
Dividend per share (₹)	4.60	2.90	0.80	0.70	3.50	2.50	2.00	1.50	1.50	3.50
Book value per share (₹)	75.63	63.65	47.49	58.50	213.98	176.76	158.66	153.32	144.82	139.41
Share Price (as of 31st March) - (₹)	189.75	164.20	36.65	195.65	340.40	234.25	91.65	57.15	47.90	81.00

*** PBDIT and PBIT are net of non operating income and expenditure*

++ ROCE is PBIT divided by average capital employed. Capital employed excludes CWIP, Cash and Non-Trade Investments

@@ Return on networth is computed based on average networth

&& Year end net fixed assets are considered for computing fixed assets turnover

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dr. Ramachandra N Galla
Non Executive Chairman

Jayadev Galla
Managing Director

Shu Qing Yang

Jorge A Gonzalez

P. Lakshmana Rao

Nagarjun Valluripalli

N. Sri Vishnu Raju

T. R. Narayanaswamy

Chief Financial Officer
K. Suresh

Company Secretary
N. Ramanathan

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

M/s. Chevuturi Associates
Chartered Accountants,
Vijayawada

Cost Auditor
A.V.N.S. Nageswara Rao
Hyderabad

Bankers
State Bank of India, Settipalle, Tirupati
Andhra Bank, Main Branch, Tirupati
State Bank of Hyderabad, Main Branch, Tirupati
BNP Paribas, Chennai
Bank of Nova Scotia, Coimbatore

Registered Office & Works
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 Agent
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, 2011.

Financial highlights

(₹ million)

Parameters / Year	2010-11	2009-10
Gross sales	20,765	16,904
Net sales	17,611	14,645
Profit before depreciation, interest and tax (PBDIT)	2,588	2,965
Profit before interest and tax (PBIT)	2,171	2,536
Profit before tax (PBT)	2,210	2,546
Profit after tax (PAT)	**1,481**	**1,670**
Surplus brought forward	3,786	2,573
Amount available for appropriation	5,267	4,243
Appropriations:		
Transfer to General Reserve	148	167
Dividend on equity capital:		
Special dividend	171	-
Proposed dividend	222	248
Dividend tax	65	42
Surplus carried to balance sheet	4,661	3,786

Performance overview

The Company recorded gross sales of ₹20,765 million in 2010-11, a 23% growth over the previous fiscal year. The net sales for the year ended March 31, 2011 was at ₹17,611 million as against ₹14,645 million for the financial year 2010, an increase of 20%. The export sales improved from ₹522 million to ₹834 million – 60% growth.

The operating profit (earnings before interest, depreciation, tax and amortisation - EBIDTA) for the year stood at ₹2,588 million (previous year ₹2,965 million) representing 14.69% of net sales against 20.24% in financial year 2009-10. The lower profit was primarily on account of significant drop in price realisations in the telecom sector, despite good volume growth.

The Profit Before Tax (PBT) and Profit After Tax (PAT) for the financial year ended March 31, 2011 was at ₹2,210 million and ₹1,481 million as against ₹2,546 million and ₹1,670 million of the previous financial year respectively.

The average LME lead price was at USD 2,245/MT for the year 2010-11 as compared with USD 1,985/MT for the year 2009-10.

Industrial battery business

The Company's industrial battery unit registered a 20% volume growth during the year, amidst highly competitive market conditions. The Company touched the first ever one billion ampere hour (Ah) volume mark in 2010-11 and emerged as the market leader in both telecom and UPS businesses with 42% and 32% market share respectively.

Slowdown in network expansion and sharing of tower infrastructure reduced the market potential in telecom. This presented significant challenges both in volume and in price realisations. The Company was able to partially minimise this impact by continuing to increase its market share in the telecom sector by virtue of its 'preferred supplier status' with all the major telecom customers, backed by product performance of its leading brand PowerStack® and service. The Company benefited from the growing demand for its Quanta™ batteries in the UPS sector, resulting in substantial growth in sales volume during the financial year 2010-11. While the price erosion in telecom segment impacted revenues and margins significantly, favourable overall business mix aided by higher share of UPS battery volume and aggressive cost management strategies helped the Company achieve better than planned margins.

During the year, the Company introduced Amaron Volt™ Hi-Life range of premium batteries for critical application requirements in telecom networks, renewable energy sector and power control business. The Company expanded its footprint in African countries by partnering with Bharti Airtel, Africa for supplying its products to power their African telecom network.

Automotive battery business

The Company's automotive battery unit sales volume grew by 20% and 58% in four- wheeler and two-wheeler batteries respectively, over the previous financial year. Consequent to the significant increase in sales volume, the Company's market share improved to 30% in the organised automotive aftermarket. The overall growth in sales volume was achieved due to various initiatives around channel expansion in the Indian aftermarket, robust demand from OEMs and the addition of new geographies in international markets. The improved operational performance of the automotive battery unit was due to increased volumes and efficiency thereof.

During the year, the Company doubled its two-wheeler battery capacity from 1.80 million units to 3.60 million units per annum in line with market potential. The Company also placed orders for manufacturing equipment to enhance the capacity of both four-wheeler and two-wheeler batteries during 2011-12. The four-wheeler battery capacity will be enhanced from 4.20 million units to 5.60 million units per annum and two-wheeler battery capacity from 3.60 million units to 5.00 million units per annum by end September 2011.

Financial position

The Company's net worth as at March 31, 2011 was at ₹6,459 million. During the year under review, ₹1,023 million was added to the reserves. The debt of ₹950 million, as at the date of balance sheet, comprises ₹89.44 million (USD 2 million) 'External Commercial Borrowing', ₹710 million 'Interest free sales tax deferment' and ₹151 million short-term working capital borrowing. The debt to equity ratio as at March 31, 2011 was at 0.15 times, without adjusting for cash and bank balances of ₹402 million. During the year under review, CRISIL reaffirmed the rating for term loan and cash credit at "AA/Stable" and for letter of credit and bank guarantee at P1+.

The gross fixed assets (including capital work in progress) increased by ₹625 million during the year to be at ₹5,763 million (previous year – ₹5,138 million). During the year, the Company embarked on a capacity expansion programme, both in four-wheeler and two-wheeler battery plants, with a capital outlay of about ₹850 million to be completed by September 2011. The entire capital expenditure will be funded through internal accruals.

During the year under review, despite an increase in lead price and significant volume growth, the Company maintained its working capital well within the targeted limits to improve the overall working capital ratio and optimise costs.

The earnings per share for the year was at ₹17.34 as against ₹19.56 in financial year 2010, while the book value per share was at ₹76 compared with ₹64 as at March 31, 2010.

Dividend

During the year, the Company paid a special dividend (100%) of ₹2 per equity share of ₹2 each to commemorate the silver jubilee occasion. Further, your Directors are pleased to recommend a final dividend (130%) of ₹2.60 per equity share of ₹2 each for the financial year ended March 31, 2011. With this, the total dividend declared for the year is ₹4.60 per equity share – 230% dividend.

The final dividend, if approved, would involve a cash outflow of ₹222.06 million towards dividend and ₹36.88 million towards dividend tax, resulting in a total additional cash outflow of ₹258.94 million.

Transfer to reserves

In accordance with the provisions of the Companies Act, 1956 read with Companies (Transfer to Reserves) Rules, 1975, your Directors have proposed to transfer a sum of ₹148.10 million to the general reserve out of the profits earned by the Company. A sum of ₹4,661.08 million is proposed to be retained in the profit and loss account.

Awards & recognitions

Your Directors have pleasure in reporting the following awards and recognitions that your Company received during the year under review:

- First prize under the discrete manufacturing category at the CII- 4th National conference and competitions on Six Sigma.
- Employer Branding Institute a premier industry body on assessment of best people practices awarded Amara Raja the following awards:

  Regional round (Southern region):
  - Award for 'Best HR Strategy in line with Business'
  - Award for 'Continuous Innovation in HR Strategy at Work'
  - Award for 'Excellence in HR Through Technology'

  National rounds:
  - Award for 'Best HR Strategy in line with Business'
  - Award for 'Continuous Innovation in HR Strategy at Work'
- The Supply Chain Leader 2011 award under the category dry cells and storage batteries by Industry 2.0 India SCM Conclave.

Directors

In accordance with the provisions of Section 256(1) of the Companies Act, 1956 and Article 105(a) of the Articles of Association of the Company, Mr. Shu Qing Yang and Mr. Jorge A Gonzalez, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A brief resume, expertise and details of other directorship(s) etc., relating to re-appointment of Directors is provided in the notice of the ensuing Annual General Meeting.

Mr. Rohit Kochhar who acted as an alternate Director to Mr. Shu Qing Yang, Director, vacated his office in terms of Section 313 of the Companies Act, 1956 with effect from July 29, 2010.

Mr. Anthony Wu Huang who acted as an alternate Director to Mr. Jorge A Gonzalez, Director, vacated his office in terms of Section 313 of the Companies Act, 1956 with effect from January 24, 2011.

The Board wishes to place on record its grateful appreciation and acknowledgement for the valuable contributions rendered by Mr. Rohit Kochhar and Mr. Anthony Wu Huang during their tenure as alternate Directors of the Company.

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 Board, on the recommendation of the Audit Committee, proposed that M/s. E.Phalguna Kumar & Co, Chartered Accountants, Tirupati and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, be re-appointed as the joint auditors of the Company. Necessary resolution is being placed before the shareholders for their re-appointment at the ensuing Annual General Meeting. The Company also received from the auditors, certificates to the effect that their re-appointment, if made, would be in accordance with the limits as prescribed in Section 224 (1B) of the Companies Act, 1956.

Cost auditor

In terms of Section 233B of the Companies Act, 1956 and as per the directives of the Central Government, Mr. A. V. N. S. Nageswara Rao, Hyderabad, was appointed as Cost Auditor of the Company to conduct the cost audit for the financial year 2010-11.

The Company re-appointed Mr. A. V. N. S. Nageswara Rao as Cost Auditor for the year 2011-12. The Company received the approval of the Central Government for re-appointment of Mr. A. V. N. S. Nageswara Rao as the Cost Auditor of the Company for auditing the cost records for the financial year 2011-12.

Corporate governance

The Company's Corporate Governance practices have been detailed in a separate section and are annexed to and forms part of this annual report. The certificate from a Practising Company Secretary on the compliance of Corporate Governance Code embodied in Clause 49 of the Listing Agreement is also attached as annexure and forms part of this report.

Management discussion and analysis

Management discussion and analysis report, highlighting the performance and prospects of the Company's business, forms part of this annual report.

CEO/CFO certification

As required under Clause 49 (V) of the Listing Agreement, the CEO/CFO certification on the accounts of the Company as given by Mr. Jayadev Galla, Managing Director and Mr. K. Suresh, Chief Financial Officer, forms part of this annual report.

Transfer to the investor education and protection fund

In terms of Section 205A read with Section 205C of the Companies Act, 1956, an amount of ₹2,60,321 being unclaimed/unpaid dividend pertaining to the financial year 2002-03 was transferred to the Investor Education and Protection Fund (IEPF) on September 17, 2010.

Further, the unclaimed/unpaid dividend relating to the financial year 2003-04 is due for remittance on September 16, 2011 to IEPF, during the financial year 2011-12.

Fixed deposits

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956, during the year under review and hence there were no outstanding deposits as on March 31, 2011.

Health, safety and environmental protection

Your Company complied with all the applicable environmental and labour laws. The Company continues to be certified under ISO–14001 for its environment management system. During the year under review, the Company established occupational health and safety management systems and secured certification from TUV Nord for OHSAS 18001-2007. The Company has been complying with the relevant laws and taking all necessary measures to protect the environment and maximise employee health and safety.

Industrial relations

During the year under review, the industrial relations remained cordial and stable. The Directors wish to place on record their appreciation for the excellent co-operation received from all employees at all levels.

Particulars of employees

The statement giving particulars of employees who were in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure to the Directors' Report.

However, in terms of the provisions of section 219 (1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the members of the Company, excluding the aforesaid information. The said information would be filed with the Registrar of Companies and also would be available for inspection by the members at the registered office of the Company. Any member interested in obtaining such particulars may 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.

Directors' responsibility statement

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

- In the preparation of the profit and loss account for the financial year ended March 31, 2011 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 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.

Acknowledgement

The Board wishes to place on record its sincere appreciation for the continued assistance and support extended to the Company by its customers, vendors, investors, business associates, banks, government authorities and employees.

Your Directors acknowledge with gratitude the encouragement and support extended by the joint venture partner and the shareholders.

On behalf of the Board

Place: Milwaukee, USA
Date: May 16, 2011

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 Directors' Report:

A. Particulars of conservation of energy

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

Form A

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

A. Power and fuel consumption	2010-11	2009-10
1. Electricity		
a) Purchased		
Unit (KWH)	113,245,786	98,562,983
Total cost (₹)	373,433,692	249,370,519
Rate/Unit (₹)	3.30	2.53
b) Own generation		
i) Through diesel generator		
Unit (KWH)	703,429	2,539,973
KWH per unit of fuel	38.30	37.98
Cost/Unit (₹)	15.51	13.85
ii) Through steam turbine/generator	–	–
2. Coal	-	-
3. Furnace oil	-	-
4. Others		
a) LPG		
Units (Kgs)	190,842	224,367
Amount (₹)	9,902,065	9,978,644
b) Acetylene - Commercial units		
(Cubic Mtrs)	18,287	21,053
Amount (₹)	3,085,026	3,664,095
c) Oxygen units (cubic mtrs)	41,412	39,746
Amount (₹)	897,533	853,637
B Electricity consumed in KWH per lakh of Ampere hour produced	4,452	4,631

B. Technology absorption

1. Specific Areas in which R&D is carried out by the Company

The R&D activities of the Organisation are categorised under three broad areas of focus:

- Fundamental development projects
- Material development projects
- Product and process improvement projects

The R&D projects are identified to address the following specific objectives:

- Technology up-gradation to make the batteries robust and high end performer
- Evaluation and benchmarking of alternate technologies
- New product development for emerging application needs
- Development of import substitutions in materials and products
- Exploration of environmental friendly operations/ materials
- Material development activity for enhanced battery performance and cost efficiency
- Value engineering efforts for product improvements

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

- Successful launch of premium VRLA product – Amaron Volt™ for telecom application
- Deployment of long life product with redundancy option for railway rolling stock application
- Development of customised VRLA battery pack for DG starter application
- Improved productivity in automotive grid casting by process improvements
- Design optimisation enhancing the endurance of Amaron Harvest® and Amaron Hi-way® automotive batteries
- Custom made products to meet specific OEM platform requirements

- Improved terminal design to enhance battery performance in Amaron Hi-way® applications
- Introduction of new part numbers to Private Label customers

3. Future Plan of Action
   - Development of two wheeler AGM battery for OE application
   - Advanced product range for inverter application
   - Development of advanced batteries for Idle Stop Start (ISS) application
   - Design and Develop Deep Cycle Motive Power battery range
   - Custom made 2V-VRLA range for industrial applications
   - Bring in unique product range for solar application

4. Expenditure on R&D (Revenue and Capital) during 2010-11

(₹ million)

Sl.No	Particulars	2010-11	2009-10
1	Capital	3.46	5.06
2	Recurring	19.55	12.23
	Total	23.01	17.29
	Total R&D expenditure as a percentage of total turnover	0.11%	0.10%

C. Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation
   - Successful launch of premium VRLA product- Amaron-Volt™ for telecom application
   - Foray into DG starter application with suitable product range
   - Continuous upgradation process efficiency and quality improvements

2. 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 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 therefore and future plan of action	Not Applicable

D. Total foreign exchange used and earned

(₹ million)

Sl. No	Particulars	2010-11	2009-10
1	Foreign exchange used	5,462.72	5,316.51
2	Foreign exchange earned - sales	834.15	521.57

CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreement entered into with stock exchanges)

Company's Philosophy on Corporate Governance

Corporate Governance is a blend of law, regulations and appropriate voluntary private sector practices which enable companies to attract financial and human capital, perform efficiently and perpetuate itself by generating long-term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole.

Amara Raja Batteries Limited is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self-desire, reflecting the culture of the trusteeship i.e. deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., the Board's accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure. In line with this philosophy, **Amara Raja Batteries Limited** continuously strives for excellence through adoption of best governance and disclosure practices.

Board of Directors

1. Composition of Board

- As on March 31, 2011, the Company's Board of Directors comprises eight members. The Chairman of the Board is a Non-Executive Director. The Company has an optimum combination of Executive and Non-Executive Directors in accordance with the provisions of Clause 49 I (A) of the Listing Agreement. The Board comprises one Executive Director and seven Non-Executive Directors, of whom four are Independent Directors. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board, thereby ensuring best interest of stakeholders and the Company. All the Directors except one Executive Director are liable to retire by rotation and are eligible for re-election.
- None of the Directors on the Board is a member of more than 10 committees or Chairman of more than five committees across all listed and unlisted public companies in which he is a Director. Necessary disclosures regarding Committee positions and directorships held in other public companies as on March 31, 2011 have been disclosed and taken on record by the Board of Directors.
- The Independent Directors have confirmed that they satisfy the "criteria of independence' as stipulated in Clause 49 of the Listing Agreement.

2. Information made available to the Board

The Board has complete access to all information of the Company. The following is provided to the Board and the agenda papers for the meetings are circulated in advance of each meeting:

- Annual operating plans and budgets, capital budgets and updates;
- Quarterly, half yearly and annual financial results (audited/unaudited) of the Company;
- Minutes of Board meetings, Audit Committee and other committee meetings of the Board;
- General notice of interest;
- Materially important litigations, show cause, demand, prosecution and penalty notices, if any;
- Investment strategy and expansion plans;
- Acquisitions/amalgamation, etc, if any;
- Details of quarterly foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement;
- Compliance reports;
- Status of legal cases;
- Related party transactions;
- All other information which is relevant for decision making by the Board.

3. The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies as on March 31, 2011 are given herein below.

Sl. No.	Name of Director	Category	Number of Board Meetings during the year 2010-11		Whether attended last AGM held on July 29, 2010	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	4	4	Yes	5	Nil	Nil
2	Mr. Jayadev Galla	Promoter/ Managing Director	4	4	Yes	4	Nil	3
3	Mr. Jorge A. Gonzalez *	Non Executive Director	4	1**	No	Nil	Nil	Nil
4	Mr. Shu Qing Yang *	Non Executive Director	4	3**	Yes	Nil	Nil	Nil
5	Mr. P. Lakshmana Rao	Independent Non Executive Director	4	4	Yes	Nil	Nil	Nil
6	Mr. Nagarjun Valluripalli	Independent Non Executive Director	4	4	Yes	1	Nil	Nil
7	Mr. N. Sri Vishnu Raju	Independent Non Executive Director	4	4	Yes	3	Nil	Nil
8.	Mr.T. R.Narayanaswamy	Independent Non Executive Director	4	3	Yes	1	Nil	Nil

\# *Directorships held by Directors in other companies does not include any directorship in foreign companies, directorship in any Section 25 companies and private limited companies.*

\## *As per Clause 49 of the Listing Agreement, chairmanship/membership of Board committee includes only Audit Committee and Shareholders/Investors Grievance committee of public limited companies.*

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

** *Mr. Anthony Wu Huang, who acted as alternate Director to Mr. Jorge A. Gonzalez attended two Board meetings on his behalf held on May 19, 2010 and October 25, 2010. Mr. Rohit Kochhar, who acted as alternate Director to Mr. Shu Qing Yang attended one Board meeting on his behalf held on May 19, 2010.*

4. Changes in the composition of the Board during the year 2010-11:

During the year, the composition of Board under went certain changes, particulars of which are set out hereunder:

Sl. No.	Name	Date of Appointment	Date of Cessation
1.	Mr. Rohit Kochhar*	19.05.2010	29.07.2010
2.	Mr. Anthony Wu Huang#	19.05.2010	24.01.2011

* *Mr. Rohit Kochhar (who acted as alternate director to Mr. Shu Qing Yang, Director) ceased to be an alternate Director with effect from July 29, 2010 in terms of Section 313 and its related provision of the Companies Act, 1956.*

\# *Mr. Anthony Wu Huang (who acted as alternate Director to Mr. Jorge A. Gonzalez, Director) ceased to be an alternate Director with effect from January 24, 2011 in terms of Section 313 and its related provision of the Companies Act, 1956.*

5. Details of shareholding of Directors as on March 31, 2011:

Sl. No.	Name	No. of shares held
1.	Dr. Ramachandra N Galla	6,397,537
2.	Mr. Jayadev Galla	6,410,992
3.	Mr. Nagarjun Valluripalli	1,500

6. Details of directors seeking appointment/ re-appointment

Mr. Jorge A. Gonzalez and Mr. Shu Qing Yang, Directors, retire by rotation at this annual general meeting and are seeking re-appointment. The retiring Directors have given their consent for re-appointment.

The brief details of the Directors seeking re-appointment are appended to the notice convening the 26th Annual General Meeting.

7. Details of Board meetings held during the financial year 2010-11:

During the financial year 2010-11, the Board met four times. The gap between any two Board meetings was less than 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	May 19, 2010	Wednesday	Hyderabad
2	July 29, 2010	Thursday	Tirupati
3	October 25, 2010	Monday	Hyderabad
4	January 24, 2011	Monday	Hyderabad

Board Committees

The Company's Board of Directors set up five committees to carry out various functions as entrusted and to give suitable recommendations to the Board on significant matters, from time to time. The details of the said committees are given hereunder:

Mandatory Committee

- Audit Committee
- Shareholders'/Investors' Grievance Committee.

Optional Committee

- Remuneration Committee

The Board has also constituted a Loan and Investment Committee, which looks into the borrowings and investment decisions of the Company and the Share Transfer Committee. These committees meet as and when required to take up the requisite agenda as per their charter or scope of review.

The composition, scope, changes and details of the committees are given as under:

1. Audit Committee

The Audit Committee was constituted in accordance with Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement.

1.1 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 stakeholders and others, reviewing the systems of internal controls which the management and the Board 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.

1.2 Terms of reference

The terms of reference of the Audit Committee are in conformity with the provisions of sub-Clause II of Clause 49 of the Listing Agreement which, inter-alia, includes the following:

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 matters relating to the financial management of the Company, including the audit report;

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

g) To review the annual plan and budget before submission to the Board;

h) To approve the appointment of the chief financial officer;

i) Reviewing any other matter which may be specified as role of the Audit Committee under the amendments, if any, from time to time, to the Listing Agreement, Companies Act, 1956 and other applicable statutes.

1.3 Composition of committee

The Audit Committee comprises of Independent Directors who are financially literate and have experience in the areas of finance and accounts. The composition of the Committee is given below:

Sl. No.	Name	Designation	Category
1.	Mr. P. Lakshmana Rao	Chairman	Independent, Non-Executive
2.	Mr. Nagarjun Valluripalli	Vice Chairman	Independent, Non-Executive
3.	Mr. N. Sri Vishnu Raju	Member	Independent, Non-Executive
4.	Mr. T.R. Narayanaswamy	Member	Independent, Non-Executive

1.4 Meeting and attendance during the year 2010-11:

During the financial year 2010-11, four meetings of the Audit Committee were held on May 19, 2010, July 29, 2010, October 25, 2010 and January 24, 2011 and the attendance of the members are given hereunder:

Sl. No.	Name	Number of meetings	
		Held	Attended
1	Mr. P.Lakshmana Rao	4	4
2	Mr. Nagarjun Valluripalli	4	4
3	Mr. N. Sri Vishnu Raju	4	4
4	Mr. T.R.Narayanaswamy	4	3

The chief financial officer, statutory auditors, internal auditor and cost auditor are invited to attend the audit committee meetings. The Company Secretary is the secretary of the Committee.

2. Shareholders' / Investors' Grievance Committee

2.1 Terms of reference

A Shareholders'/Investors' Grievance Committee of the Board of Directors was constituted to specifically look after the redressal of complaints of shareholders'/investors' viz., transfer/transmission of shares, issue of duplicate share certificates, change of name, change of status, transposition of shares, sub division and consolidation of shares, request for dematerialisation/rematerialisation of shares, non receipt of dividend/annual report/notices, complaints relating to bonus shares etc.

The Company has appointed Cameo Corporate Services Limited as its Registrar and Share Transfer Agent (RTA). The RTA takes care of all activities relating to share transfers and dematerialisation of shares and all other related works in consultation/directions of the Company with respect to the Company's shares. The Committee also reviews the redressal of investors' grievance and performance of the RTA of the Company in this regard.

2.2 Composition of Committee

The composition of the Shareholders'/Investors' Grievance Committee is given below:

Sl. No.	Name	Designation	Category
1.	Mr. P. Lakshmana Rao	Chairman	Independent, Non-Executive
2.	Dr. Ramachandra N Galla	Member	Non-Independent, Non-Executive
3.	Mr. Jayadev Galla	Member	Non-Independent, Executive

2.3 Meeting and attendance during the year 2010-11:

During the financial year 2010-11, four meetings of the Committee were held on May 19, 2010, July 29, 2010, October 25, 2010 and January 24, 2011.

Sl. No.	Name	Number of meetings	
		Held	Attended
1.	Mr. P. Lakshmana Rao	4	4
2.	Dr. Ramachandra N Galla	4	4
3.	Mr. Jayadev Galla	4	4

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

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

3. Remuneration Committee

3.1 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 Director (s), so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance.

3.2 Terms of reference

- Determining the remuneration policy of the Company, from time to time.

- Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the Company's Managing Director (MD)/Executive Director (ED).

3.3 Composition and 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	Designation
1.	Mr. P. Lakshmana Rao	Chairman
2.	Mr. Nagarjun Valluripalli	Member
3.	Mr. T. R. Narayanaswamy*	Member

* Mr. T. R. Narayanaswamy, Independent Director, was appointed as the member of the Remuneration Committee with effect from May 19, 2010.

One meeting on May 19, 2010 of the Remuneration Committee was held during the financial year 2010-11. Mr. P. Lakshmana Rao and Mr. Nagarjun Valluripalli attended the said meeting.

3.4 Remuneration Policy

i. Remuneration paid to Managing Director

The remuneration paid to an Executive Director is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

At the Board meeting, only Non-Executive and Independent Directors participate in approving the remuneration being paid to the Managing Director. The remuneration is determined considering the various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The remuneration structure of Managing Director comprises basic salary, commission, perquisites and allowances, contribution to provident fund and other funds. Mr. Jayadev Galla, was re-appointed as Managing Director for a period of five years effective from September 01, 2010 to August 31, 2015 and the following remuneration was paid for the financial year ended March 31, 2011:

(₹ million)

Name	Salary	Contribution to provident fund	Value of perquisites	Commission
Mr. Jayadev Galla, Managing Director	15.00	0.01	-	135.99

The Company has a service contract with Mr. Jayadev Galla for a period of five years with effect from September 1, 2010 to August 31, 2015. The notice period is three months and no severance compensation is payable.

ii. Remuneration by way of sitting fees to non-executive directors

The Non-Executive Directors (other than Galla Family members and nominees of Johnson Control Inc.) are paid remuneration by way of sitting fees of ₹10,000 for attending the Board meeting and ₹ 5,000 for the other committees viz. Audit Committee, Shareholders'/ Investors' Grievances Committee, Remuneration Committee and Loan and Investment Committee. The Non-Executive Directors of the Galla Family and Johnson Controls Inc. have agreed for waiver of sitting fees for Board and Committee meetings thereof as attended by them, till further advice.

Sitting fees paid to Non-Executive Directors during the financial year 2010-11 are as follows:

Name	Sitting Fees paid (₹)
Mr. P. Lakshmana Rao	85,000
Mr. Nagarjun Valluripalli	65,000
Mr. N. Sri Vishnu Raju	60,000
Mr. T.R. Narayanaswamy	45,000

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

The remuneration by way of commission payable to Non-Executive Directors is approved by the Board of Directors in the Board meeting, subject to the subsequent approval of the shareholders at the 25th Annual General Meeting and Central Government, Ministry of Corporate Affairs (MCA), New Delhi vide their letter No. SRN A94887429/1/2010-CL-VII dated January 31, 2011 (valid till August 31, 2015). The approval includes 3% per annum commission on net profits payable to Dr. Ramachandra N Galla, Non-Executive Chairman and payment to all other Non-Executive Directors put together at a rate not exceeding 1% of the net profits of the Company and in such proportion as the Board may decide from time to time.

In terms of the above approval, during the year 2010-11, commission at 3% amounting to ₹ 72.08 million will be payable upon approval of the accounts at the 26th Annual General Meeting, to Dr. Ramachandra N Galla, Non-Executive Chairman.

Stock options

The Company currently does not have stock options scheme.

General body meeting (s)

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

For the year ended March 31,	Venue	Day and date	Time	Special resolution was passed
2010	Registered office of the Company	Thursday, 29th July, 2010	3.00 P.M.	Payment of commission to Non- Executive Chairman and Non-Executive Independent Directors.
2009	Registered office of the Company	Thursday, 30th July 2009	2.30 P.M.	Nil
2008	Registered Office of the Company	Thursday, 14th August, 2008	3.00 P.M.	Alteration of the capital clause of the articles of association

2. Postal Ballot

The Company has not passed any resolution through postal ballot during the financial year 2010-11.

There is no resolution proposed to be passed by means of postal ballot in this Annual General Meeting.

Disclosures

1. Disclosure of related party transactions

There are no materially significant related party transactions, with Directors/promoters/ management which had potential conflict with the interests of the Company at large. The disclosures with regard to transactions with related parties are given in the notes to the accounts of the audited financial statements for the financial year ended March 31, 2011. All related party transactions are negotiated at arm's length basis and are only intended to further the interest of the Company.

The Board received disclosures from senior management personnel relating to material, financial and commercial transactions stating that neither they nor their relatives have any personal interest.

During the year, the Company obtained approval of the Regional Director, Ministry of Corporate Affairs (MCA), Southern Region, Chennai vide their letter dated October 07, 2010 for having business transactions with M/s Amara Raja Infra Private Limited (for a period of three years effective from April 1, 2010 to March 31, 2013), wherein Dr. Ramachandra N Galla and Mr. Jayadev Galla are Directors and shareholders.

The Company also places before the Board at every meeting the details of all transactions with related parties/companies promoted by the Galla family, for its approval/ratification.

2. Details of non compliance by the Company

During the preceding three financial years there were no penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital market. All returns and reports were filed within stipulated time with the stock exchanges/other statutory authorities.

3. Disclosure of accounting treatment

In the preparation of financial statements, the Company followed the accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, have been set out in the note to the accounts of the audited financial statements for the financial year ended March 31, 2011.

4. Whistle blower policy

The Company has not adopted the Whistle Blower Policy. However, the Company has an environment where any employee can raise any issue with the management if required.

5. Board disclosures

5.1 Risk management

The Company 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.

5.2 Internal control system

The Company has in place adequate system of internal controls commensurate with its size and the nature of its operations. The Company's internal control system covers the following aspects:

- Financial propriety of business transactions.
- Safeguarding the assets of the Company.
- Compliance with prevalent statutes, Listing Agreement, management authorisation, policies and procedures.

6. CEO/CFO certification

The CEO/CFO certification on the financial statements and internal control is separately annexed.

7. Details of compliance with mandatory and non-mandatory requirements of Clause 49 of Listing Agreement.

The Company complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has set up a Remuneration Committee. The details of this Committee was enumerated earlier in this report. The other non-mandatory requirements have not been adopted by the Company till date.

Code of conduct

The Code of Conduct as required by Clause 49 of the Listing Agreement and adopted by the Board is a comprehensive code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and the senior management personnel of the Company. A copy of the Code of Conduct is posted on the Company's website. An annual affirmation has been obtained from all the Board members and the senior management personnel of the Company as on March 31, 2011.

In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director is given hereunder:

Declaration on Code of Conduct

I, Jayadev Galla, Managing Director, hereby confirm that the Board members and senior management personnel have affirmed compliance with Amara Raja's "Code of Conduct" for the financial year 2010-11.

Place: Milwaukee, USA — **Jayadev Galla**
Date: May 16, 2011 — *Managing Director*

Policy for prevention of 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 (Directors, officers and designated employees) are prevented from dealing in the Company's shares during the closure of Trading Window. The trading window is closed before 15 days from the close of the quarter/financial year and remain closed until the day after the date of the board meeting wherein the unaudited/audited results/dividend or any other price sensitive matters are considered and approved by the board of directors. All directors, officers and designated employees are required to obtain pre-clearance of trade from the managing director/compliance officer in case they wish to trade (purchase/sell) in Company's shares during the period the trading window is open. All directors/ officers/ designated employees are required to disclose related information periodically/annually as defined in the Code. The Company Secretary has been designated as Compliance Officer for this code.

Means of communication

The Company regularly intimates its unaudited financial results (provisional) as well as audited financial results to the stock exchanges, as soon as the same are taken on record/approved. These financial results are published in leading newspapers in India which include Business Standard and Business Line in English and Andhra Jyothi in Telugu. The notices to shareholders viz. book closure, issue of duplicate share certificate etc. are normally published in Business Line (English) and Andhra Jyothi (Telugu). The financial results and press releases are posted on the Company's website www.amararaja.co.in.

Management discussion and analysis report

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

General shareholder information

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

On behalf of the Board

Place: Milwaukee, USA — **Dr. Ramachandra N Galla**
Date: May 16, 2011 — *Chairman*

Certificate of Corporate Governance

Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To
The Members
M/s. Amara Raja Batteries Limited

I have examined the compliance of the conditions of Corporate Governance by Amara Raja Batteries Limited, for the year ended March 31, 2011 as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management; my examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the condition of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

I 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.

Place: Chennai
Date: May 12, 2011

V. Suresh
Practising Company Secretary
CP No. 6032

CEO and CFO Certification

May 16, 2011

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

Dear Sirs,

Sub: CEO and CFO certification

We, Jayadev Galla, Managing Director and K. Suresh, Chief Financial Officer, 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, 2011, and all its schedules and notes on accounts, as well as the cash flow statements and the Directors' Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report present, in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
   a. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   b. evaluated the effectiveness of the Company's disclosure, controls and procedures;
   c. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
   a. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
   b. significant changes in internal controls during the year covered by this report;
   c. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
   d. instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal control system.

Jayadev Galla	K. Suresh
Managing Director	*Chief Financial Officer*

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting	
• Date	August 13, 2011
• Time	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, 2011	August 2011
• Financial reporting for the quarter ending September 30, 2011	November 2011
• Financial reporting for the quarter ending December 31, 2011	January 2012
• Financial results for the year ending March 31, 2012	May/June 2012
• Annual general meeting	July/August 2012

* *The above dates are indicative.*

4. Date of book closure	August 04, 2011 to August 13, 2011 (both days inclusive)
5. Proposed dividend (Final)	₹ 2.60 (130%) per equity share of ₹ 2/- each
6. Dividend payment date	On or before September 05, 2011
7. E-Mail ID for investor grievances	investorservices@amararaja.co.in
8. Listing on stock exchanges	Equity shares • National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra Kurla Complex, Bandra (E), Mumbai –400 051. • Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
9. Listing fee	Listing fees to both the stock exchanges have been paid for the financial year 2011-12
10. Stock Code	
Name of the stock exchanges /depository	
• National Stock Exchange of India Limited (NSE)	AMARAJABAT
• Bombay Stock Exchange Limited (BSE)	500008
• NSDL & CDSL	INE885A01024

11. Market price data

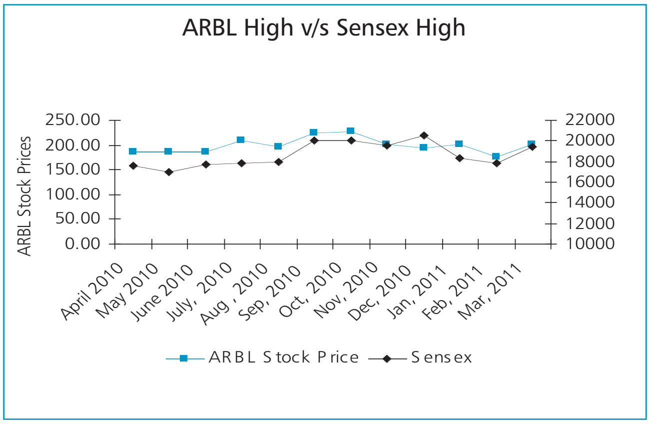
High, Low prices and number of shares traded during each month in the last financial year on BSE and NSE are given herein below:

Period	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	Volume (in nos.)	High (₹)	Low (₹)	Volume (in nos.)
April 2010	185.45	139.65	2,499,416	185.45	165.00	6,042,867
May 2010	185.00	150.00	924,640	185.00	151.70	2,887,572
June 2010	185.35	144.00	1,270,668	185.70	158.25	4,066,274
July 2010	209.50	179.00	2,186,045	209.20	178.90	6,551,752
August 2010	196.50	184.35	608,004	196.90	185.70	1,990,074
September 2010	225.50	189.00	2,406,799	225.90	189.00	6,415,928
October 2010	228.05	186.10	1,584,561	228.50	185.05	3,664,525
November 2010	201.50	171.30	970,968	200.65	172.00	2,615,947
December 2010	195.00	169.00	631,145	195.40	170.00	1,213,444
January 2011	201.60	163.05	985,181	198.65	161.00	1,888,478
February 2011	176.00	157.90	212,032	175.45	150.05	598,807
March 2011	201.80	162.35	685,810	201.85	161.60	1,655,346

Source: BSE & NSE websites

12. Performance of share price of the Company in comparison with BSE Sensex

A comparative chart showing Amara Raja Batteries Limited (ARBL stock price high) versus Bombay Stock Exchange Limited (Sensex high).



13. Performance of the Company's share price as at the beginning and end of the financial year 2010-11.

Performance of the Company's share price on BSE and NSE

(In ₹)

Particulars	BSE Close Price	NSE Close Price
April 1, 2010	168.60	168.85
March 31, 2011	189.15	189.75
Change in value	20.55	20.90
% change	12.18	12.37

During the year, the Company's market capitalisation increased from ₹ 1,418 crore to ₹ 1,620 crore.

14. Registrar and share transfer agent (RTA)

M/s Cameo Corporate Services Limited is the registrar and share transfer agent of the Company. Any request pertaining to investor relations may be sent to the following address:

M/s. Cameo Corporate Services Limited
"Subramanian Building",
No.1, Club House Road,
Chennai – 600002
Tel: +91 044 28460390
Fax:+91 044 28460129
Email: investor@cameoindia.com

15. Share transfer system

Entire share transfers under physical segment are processed by the registrar and share transfer agents and approved by a committee of Directors called as "Share Transfer Committee".

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 etc. Presently, the share transfers received in physical form are processed and the share certificates returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respect. For this purpose, the Share Transfer Committee meets as often as required.

As required under Clause 47(c) of the Listing Agreement entered into by the Company with the stock exchanges, a certificate is obtained every six months from a Practicing Company Secretary with regard to, inter-alia, effecting transfer, transmission, sub-division, consolidation, renewal and exchange of equity share certificate within one month of their lodgment. The certificate is also forwarded to BSE and NSE, where the shares are listed.

Details of shares transferred in physical form

Time taken	2010-11		2009-10	
	Number of requests received and processed	Number of shares	Number of requests received and processed	Number of shares
1-10 days	8	7,000	2	1,500
11-20 days	7	9,000	61	50,750
21-30 days	8	6,500	3	2,250
Total	23	22,500	66	54,500

16. Investor complaints received and redressed

Nature of complaints	2010-11 Received	2010-11 Disposed	2009-10 Received	2009-10 Disposed
Non-receipt of shares sent for transfer, sub-division and dematerialisation.	15	15	07	07
Non-receipt of dividend warrants and annual report	19	19	23	23
Miscellaneous complaints	3	2	–	–

There was one investor complaint pending as on March 31, 2011.

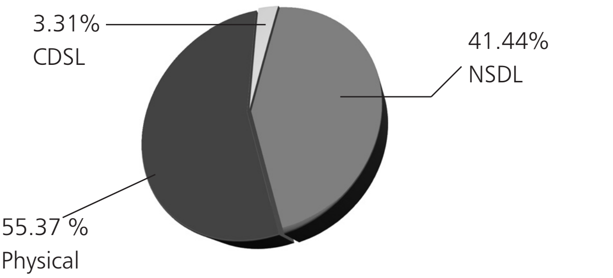
17. Dematerialisation of shares and liquidity

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

Under the dematerialised system, the shareholder can approach any Depository Participant for getting his/her shares converted from physical mode to electronic mode. Upon submission of the original share certificate along with a duly signed demat request form, the DP will generate an electronic request and send it to the Company's RTA. The physical share certificate(s) will also be sent to the RTA. The RTA will verify the electronic and physical demat request and if found in order will convert the shares held in physical mode to electronic mode.

As on March 31, 2011, 44.63% shares of the Company were held in the dematerialised form and 55.37% shares were held in physical form which is depicted in the chart hereinbelow:

Shares held in Demat / Physical form as on March 31, 2011



 # Out of 55.37% shares held in physical mode, the promoters (Galla family) and person acting in concert (JCI) jointly hold 52.06% and the rest 3.31% are public shareholders.

During the year, 355,846 shares of the Company, constituting 0.42% of the issued and subscribed share capital, were dematerialised.

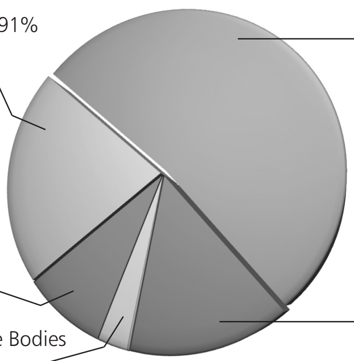
Status of dematerialisation and physical shares as on March 31, 2011

Particulars of Shares	Equity shares of ₹ 2/- each		Shareholders	
	Number	% of total	Number	% of total
A. Demat form				
NSDL	35,396,820	41.44	14,761	66.75
CDSL	2,720,744	3.19	5,910	26.72
Sub total	38,117,564	44.63	20,671	93.47
B. Physical form	47,288,686	55.37	1,443	6.53
Total A + B	**85,406,250**	**100.00**	**22,114**	**100.00**

18. Shareholding pattern and distribution schedule as on March 31, 2011

Shareholding Pattern		
Category	No. of shares	% of shareholding
Promoters	44,463,726	52.06
Mutual Funds & UTI	18,709,861	21.91
Banks/Financial Institutions	9,000	0.01
Foreign Institutional Investors/NRI's	7,139,208	8.36
Corporate Bodies	2,462,365	2.88
Trusts	153,441	0.18
Others	12,468,649	14.60
Total	**85,406,250**	**100.00**

Shareholding pattern as on March 31, 2011



 # Out of 52.06% of the promoters shareholding, 26.06% is held by the Galla Family and 26% is held by Johnson controls Mauritius Private Limited. (Person acting in concert)

Distribution schedule				
No. of equity shares held	No. of shareholders	Percentage	No. of shares	Percentage
Upto 100	11,209	50.69	522,267	0.61
101-500	5,536	25.03	1,435,164	1.68
501-1000	3,191	14.43	2,399,256	2.81
1001-2000	1,157	5.23	1,738,199	2.04
2001-3000	371	1.68	942,619	1.10
3001-4000	187	0.85	687,201	0.80
4001-5000	75	0.34	346,569	0.41
5001-10000	168	0.76	1,211,019	1.42
Above 10000	220	0.99	76,123,956	89.13
Total	**22,114**	**100.00**	**85,406,250**	**100.00**

19. Top ten shareholders other than promoters

The top ten shareholders of the Company other than promoters as on March 31, 2011 were as follows:

Sl. No.	Name of the shareholders	No. of shares	% of shareholding
1	ICICI Prudential Discovery Fund	2,603,500	3.04
2	Franklin Templeton Mutual Fund A/C Franklin India Flexi Cap Fund	1,881,161	2.20
3	HDFC Trustee Company Limited –A/C HDFC Mid-Cap Opportunities Fund	1,704,000	1.99
4	Dr. N. Upendranath	1,286,127	1.50
5	Sundaram Mutual Fund A/C Sundaram Select Mid-Cap	1,144,185	1.33
6	Franklin Templeton Mutual Fund A/C Franklin India Prima Fund	1,124,529	1.31
7	SBI Mutual Fund A/C Magnum Global Fund	1,100,000	1.28
8	Franklin Templeton Mutual Fund A/C Franklin India High Growth Companies Fund	1,047,231	1.22
9	HDFC Trustee Company Limited A/C HDFC Growth Fund	972,454	1.13
10	Franklin Templeton Mutual Fund A/C Franklin India Prima Plus	900,000	1.05
	Total	**1,376,187**	**16.05**

20. Outstanding GDR/ warrants and convertible bonds	The Company has not issued any GDR/ warrants and convertible bonds.
21. 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
22. Corporate operations office	5th Floor, Astra Towers, Hitech City, 12P, Kondapur, Hyderabad-500 038 Tel: +91 40 23683000 Fax: +91 40 23118219
23. Investor contacts	Mr. N Ramanathan Company Secretary & 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

24. Investors' Information

a) The Board of Directors at its meeting held on May 19, 2010 had adopted a dividend policy for distributing upto 15% of the profit after tax (PAT). Accordingly, every year the company would pay the dividend amount upto 15% of the profit after tax (PAT) to all the eligible shareholders.

b) **Transfer of unclaimed dividend**

During the year under review, an amount of ₹ 2,60,321 pertaining to unpaid/unclaimed dividend for the financial year 2002-03 has been transferred to Investor Education and Protection Fund (IEPF) on September 20, 2010.

As per provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unpaid dividend remaining unclaimed and unpaid for a period of seven years to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

The Company has sent a circular letter dated March 26, 2011 to the eligible shareholders who have not claimed their dividend for the previous years informing them to return the unencashed dividend warrant for issuing the revalidated warrants or for obtaining duplicate warrants.

All shareholders, whose dividend is unpaid/unclaimed, are requested to lodge their claim to RTA/Company by submitting an application supported by an indemnity immediately. Kindly note that no claim shall lie against the Company or the IEPF once the dividend amount is deposited in IEPF.

Given below are the dates when the unclaimed dividend is due for transfer to IEPF by the Company:

Financial Year	Dividend type	Dividend percentage (%)	Date of declaration	Due date of transfer to IEPF
2003-04	Final	15	11.08.2004	16.09.2011
2004-05	Final	20	13.08.2005	18.09.2012
2005-06	Final	25	14.08.2006	19.09.2013
2006-07	Final	35	14.08.2007	19.09.2014
2007-08	Final	35	14.08.2008	19.09.2015
2008-09	Final	40	30.07.2009	04.09.2016
2009-10	Final	145	29.07.2010	03.09.2017
2010-11	Special dividend	100	24.01.2011	24.02.2018

c) 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 DP's directly.

d) Nomination facility

Section 109A of the Companies Act, 1956 provides, inter-alia, the facility of nomination to shareholders. This facility is mainly useful for shareholders holding shares in sole 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.

e) Benefits of dematerialisation

55.37% of the shares are still in physical form (out of which 52.06% is held by the promoters and person acting in concert). 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. Holding shares in dematerialised form has certain distinct advantage as given hereunder:

- Immediate transfer of securities;
- No stamp duty on transfer of securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, loss or theft of share certificates etc.;
- Reduction in paperwork involved in transfer of securities;
- Reduction in transaction cost;
- Nomination facility;
- Change in address recorded with DP gets registered electronically with all companies in which investor holds securities eliminating the need to correspond with each of them separately;
- Transmission of securities is done by DP;
- Holding investments in equity, debt instruments and government securities in a single account;
- Automatic credit into demat account, of shares, arising out of split/consolidation/merger etc.
- Pledge/hypothecation of shares is simple.

The Company has sent a circular letter dated March 10, 2011 to such of those shareholders holding their shares in physical form to opt for electronic form and avail of the above said benefits.

f) 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(s), where shares of the Company are listed.

As on March 31, 2011 promoters and person acting in concert have not pledged or otherwise encumbered their shares.

g) **Permanent Account Number (PAN) requirement for transfer, transmission and transposition of shares in physical form**

The Securities & Exchange Board of India (SEBI) in continuation to its circular vide ref. no. MRD/DoP/Cir-05/2007 dated April 27, 2007 and MRD/DoP/Cir-05/2009 dated May 20, 2009 with respect to transfer of shares and the circular dated January 07, 2010, has mandated the submission of Permanent Account Number (PAN) by every participant in securities market transaction and off-market/private transaction including the following cases:

- Transfer of shares held in physical form.
- Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.
- Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
- Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

The members are requested to note that to open a demat account or to hold a demat account, submission of PAN card is mandatory.

h) **Secretarial audit for reconciliation of capital**

A qualified practicing Company Secretary has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up share capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

The said audit report is being submitted to the stock exchanges on a quarterly basis.

i) **E-mail-id registration**

As part of Green initiative in the Corporate Governance, Ministry of Corporate Affairs issued a circular dated April 21, 2011 permitting the Companies to serve the notice(s)/document(s) through electronic mode to the members.

Keeping in view of the above, members are requested to register their e-mail-id's with the Company or Registrar and Share Transfer Agents of the Company by sending their e-mail id's to investorservices@amararaja.co.in or investor@cameoindia.com

Members who register their names with the Company or the Registrar and Share Transfer Agent would receive the notice(s)/documents through e-mail instead of physical copy.

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

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

Compliance

The certificate dated May 12, 2011 obtained from Mr. V. Suresh, Practicing Company Secretary, is annexed with the Corporate Governance report.

Auditors' Report

To
The Members of
Amara Raja Batteries Limited

We have audited the attached Balance Sheet of **Amara Raja Batteries Limited** as on March 31, 2011, its Profit and Loss Account for the year ended on that date and its Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (CARO), ("Order") 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (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, 2011;
   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.,**	For **Chevuturi Associates**
Chartered Accountants	*Chartered Accountants*
E. Phalguna Kumar	**Raghunadha Rao Balineni**
Partner	*Partner*
(ICAI Memb. No: 20278)	(ICAI Memb. No: 28105)
Firm Registration No. 002644S	Firm Registration No. 000632S

Place : Tirupati
Date : May 19, 2011

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, 2011. 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 covered 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 covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction.

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

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

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

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

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

9. a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other 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 except an amount of ₹3.72 Million being sales tax for the year 2006-07 pending remittance as on the date of balance sheet.

   b) According to the information furnished to us, the following amounts of Sales tax, Entry tax, Excise duty and Service 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 (in ₹ Millions)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales tax	0.93	2004-05	Dy. Commissioner, CT, Kolkata
Central Sales Tax Act, 1956	Sales tax	3.03	2007-08	Dy. Commissioner, Kurnool
Central Sales Tax Act, 1956	Sales tax	0.72	2004-05	Dy Commissioner, CT, Delhi
Central Sales Tax Act, 1956	Sales tax	70.84	2006-07 and 2007-08	Special Commissioner, New Delhi
Delhi Value Added Tax Act, 2004	Sales tax	0.29	2004-05	Dy Commissioner, ST, Delhi
Central Sales Tax Act, 1956	Sales tax	5.48	2004-05	Joint Commissioner, Trade tax, Ghaziabad
Bihar Value Added Tax Act, 2005	Sales tax	0.02	2002-03	Joint Commissioner, CT, Patna
Bihar Value Added Tax Act, 2005	Sales tax	1.38	2007-08	Joint Commissioner (Appeals), CT, Patna
Central Sales Tax Act, 1956	Sales tax	4.38	2005-06	Additional Commissioner (Appeals), Ghaziabad
Punjab Value Added Tax Act, 2005	Sales tax	0.10	2009-10	Dy. Commissioner (Appeals), Patiyala
Chapter V of Finance Act, 1994	Service tax	6.06	2005-06 & 2006-07	CESTAT, Bangalore
Chapter V of Finance Act, 1994	Service tax	0.82	2006-07 to 2008-09	Commissioner (Appeals), Guntur
Chapter V of Finance Act, 1994	Service tax	0.81	2002-03 to 2006-07	CESTAT, Bangalore
Central Excise Act, 1944	Excise duty	6.97	2003-04 to 2007-08	CESTAT, Bangalore
Central Excise Act, 1944	Excise duty	0.16	June 2007 to December 2008	Commissioner (Appeals), Guntur

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 explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

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

16. According to the information and explanations given to us, no term loans were obtained by the Company during the year. Hence the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable.

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 or other investments 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.

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

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

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

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

E. Phalguna Kumar
Partner
(ICAI Memb. No: 20278)
Firm Registration No. 002644S

For **Chevuturi Associates**
Chartered Accountants

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Place : Tirupati
Date : May 19, 2011

Balance Sheet As at March 31, 2011

(in ₹)

Particulars	Schedule	As at 31.03.2011		As at 31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share capital	1	170,812,500		170,812,500	
Reserves and surplus	2	6,288,459,327		5,265,614,690	
			6,459,271,827		5,436,427,190
Loan Funds					
Secured	3	240,443,810		272,946,770	
Unsecured	4	710,016,482		638,947,690	
			950,460,292		911,894,460
Deferred tax liability	5		204,933,707		216,352,878
Total			**7,614,665,826**		**6,564,674,528**
APPLICATION OF FUNDS					
Fixed Assets					
Gross block	6	5,387,556,902		4,911,067,266	
Less: Depreciation		2,236,687,284		1,853,812,004	
Net block		3,150,869,618		3,057,255,262	
Capital work-in-progress		375,410,973		226,891,489	
			3,526,280,591		3,284,146,751
Investments	7		160,756,064		160,756,064
Current Assets, Loans and Advances					
Inventories	8	2,846,966,302		2,175,723,575	
Sundry debtors	9	3,056,623,935		2,422,954,714	
Cash and bank balances	10	402,084,121		624,672,429	
Loans, advances and deposits	11	1,112,996,116		1,087,277,467	
		7,418,670,474		6,310,628,185	
Less: Current Liabilities and Provisions	12				
Liabilities		1,918,887,158		1,656,390,120	
Provisions		1,572,154,145		1,534,466,352	
		3,491,041,303		3,190,856,472	
Net current assets			3,927,629,171		3,119,771,713
Total			**7,614,665,826**		**6,564,674,528**

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 **CHEVUTURI ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

E. Phalguna Kumar
Partner
(ICAI Memb. No: 20278)
Firm Registration No. 002644S

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

Place : Tirupati
Date : May 19, 2011

Place : Milwaukee, USA
Date : May 16, 2011

Profit and Loss Account For the year ended March 31, 2011

(in ₹)

Particulars	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Gross sales		20,764,827,109	16,903,556,389
Less: Excise duty and sales tax		3,153,620,358	2,258,740,728
Net sales		17,611,206,751	14,644,815,661
Other income	14	96,043,027	170,174,501
Increase in stocks	15	283,144,751	364,593,316
Total		**17,990,394,529**	**15,179,583,478**
EXPENDITURE			
Purchase of trading goods		74,140,812	35,328,540
Materials consumed	16	11,807,643,547	9,125,690,889
Payments and benefits to employees	17	774,871,890	623,704,132
Manufacturing, selling, administrative and other expenses	18	2,668,248,313	2,330,754,171
Duties and taxes	19	23,720,297	20,590,181
Interest	20	14,520,441	67,715,572
Depreciation		417,120,633	429,451,244
Total		**15,780,265,933**	**12,633,234,729**
Profit before taxation		**2,210,128,596**	**2,546,348,749**
Less: Provision for taxation	21	729,164,621	876,014,881
Profit after taxation		**1,480,963,975**	**1,670,333,868**
Profit brought forward from previous year		3,786,332,193	2,572,802,734
Profit available for appropriation		**5,267,296,168**	**4,243,136,602**
Less: Appropriations			
Transfer to general reserve		148,096,397	167,033,387
Interim dividend		170,812,500	-
Dividend tax on interim dividend		28,369,821	-
Proposed final dividend		222,056,250	247,678,125
Dividend tax on proposed final dividend		36,880,767	42,092,897
Balance carried to balance sheet		**4,661,080,433**	**3,786,332,193**
Basic and Diluted Earnings per equity share		17.34	19.56

Note: 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

E. Phalguna Kumar
Partner
(ICAI Memb. No: 20278)
Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
Chartered Accountants

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Place : Tirupati
Date : May 19, 2011

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

Place : Milwaukee, USA
Date : May 16, 2011

Schedules to the Balance Sheet

(in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
1 SHARE CAPITAL				
Authorised				
100,000,000 Equity shares of ₹2/- each		200,000,000		200,000,000
Issued				
87,514,250 Equity shares of ₹2/- each		175,028,500		175,028,500
Subscribed and Paid up				
85,406,250 Equity shares of ₹2/- each		170,812,500		170,812,500
(Out of the above 28,468,750 shares were allotted as bonus shares fully paid up by capitalising part of General Reserve)				

Particulars	As at 31.03.2011		As at 31.03.2010	
2 RESERVES AND SURPLUS				
a. Capital Reserve				
As per previous year balance sheet		11,500		11,500
b. Securities Premium				
As per previous year balance sheet		311,862,600		311,862,600
c. General Reserve				
As per previous year balance sheet	1,167,408,397		1,000,375,010	
Add: Additions during the year	148,096,397		167,033,387	
		1,315,504,794		1,167,408,397
d. Surplus in Profit and Loss Account		4,661,080,433		3,786,332,193
Total		**6,288,459,327**		**5,265,614,690**

Particulars	As at 31.03.2011		As at 31.03.2010	
3 SECURED LOANS				
A. Term Loans				
Foreign currency loan				
a. BNP Paribas		89,440,000		270,660,000
B. Working Capital Facilities				
Cash Credit				
a. State Bank of India	3,767,687		-	
b. State Bank of Hyderabad	137,092,704		-	
c. Andhra Bank	10,143,419		-	
		151,003,810		-
C. Hypothecation Loan from HDFC Bank Limited				
(Secured against hypothecation of specific assets)		-		2,286,770
Total		**240,443,810**		**272,946,770**

Particulars	As at 31.03.2011		As at 31.03.2010	
4 UNSECURED LOANS				
Interest free sales tax deferment		710,016,482		638,947,690
Total		**710,016,482**		**638,947,690**

Schedules to the Balance Sheet

(in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
5 DEFERRED TAX LIABILITY				
As per previous year balance sheet	216,352,878		182,508,323	
Add: Liability / (Assets) for the year	(11,419,171)		33,844,555	
Total		204,933,707		216,352,878

6 FIXED ASSETS AND DEPRECIATION

Sl. No.	Particulars	GROSS BLOCK Cost as on 01.04.2010	Additions	Deletions	Total as on 31.03.2011	DEPRECIATION BLOCK Upto 31.03.2010	Current Period	Deletions	Total as on 31.03.2011	NET BLOCK As on 31.03.2011	As on 31.03.2010
1	Land and land development	12,405,579	155,878,645	–	168,284,224	–	–	–	–	168,284,224	12,405,579
2	Buildings	735,509,442	59,409,712	5,904,321	789,014,833	111,096,562	21,577,177	2,433,879	130,239,860	658,774,973	624,412,880
3	R&D buildings	9,896,346	–	–	9,896,346	3,659,364	314,011	–	3,973,375	5,922,971	6,236,982
4	Plant and machinery	3,379,705,278	242,469,175	29,466,168	3,592,708,285	1,463,083,026	340,898,341	26,003,938	1,777,977,429	1,814,730,856	1,916,622,252
5	R&D plant and machinery	97,810,718	3,462,119	–	101,272,837	66,434,807	5,360,253	–	71,795,060	29,477,777	31,375,911
6	Electrical installations	399,265,309	18,178,462	5,722,986	411,720,785	76,672,487	17,725,749	5,329,948	89,068,288	322,652,497	322,592,822
7	Furniture	58,178,539	584,132	10,600	58,752,071	33,141,681	3,540,598	7,687	36,674,592	22,077,479	25,036,857
8	Office equipment	146,465,296	28,149,698	19,500	174,595,494	74,242,587	19,243,971	7,762	93,478,796	81,116,698	72,222,710
9	Intangible assets	22,059,697	1,500,000	–	23,559,697	914,629	4,588,665	–	5,503,294	18,056,403	21,145,068
10	Vehicles	49,771,062	8,931,668	950,400	57,752,330	24,566,861	3,871,868	462,139	27,976,590	29,775,740	25,204,201
	Total	4,911,067,266	518,563,611	42,073,975	5,387,556,902	1,853,812,004	417,120,633	34,245,353	2,236,687,284	3,150,869,618	3,057,255,262
	Previous year	4,270,935,970	684,711,844	44,580,548	4,911,067,266	1,457,693,630	429,451,244	33,332,870	1,853,812,004	3,057,255,262	2,813,242,340

Particulars	As at 31.03.2011		As at 31.03.2010	
7 INVESTMENTS				
A. Government Securities - Non-trade				
a. 6 years National Savings Certificates		65,000		65,000
(Lodged as security with Government departments ₹12,000/- held in the name of Dr. Ramachandra N Galla Chairman)				
B. Quoted - Non trade				
Shares in companies				
i) 25 Fully paid up equity shares of ₹2/- each in Nicco Corporation Ltd		1,735		1,735
ii) 125 Fully paid up equity shares of ₹1/- each in Standard Batteries Ltd. (Provision for diminution in value ₹7,750/- PY: ₹7,750/-)		7,750		7,750
iii) 10,000 Fully paid up equity shares of ₹1/- each in Exide Industries Ltd		44,069		44,069
iv) 5,500 Fully paid up equity shares of ₹1/- each in HBL Power Systems Ltd		9,850		9,850
v) 1,60,000 Fully paid up equity shares of ₹2/- each in IVRCL Ltd		204,800		204,800
vi) 23,749 Fully paid up equity shares of ₹10/- each in IDBI Bank Ltd		1,008,000		1,008,000
vii) 2,27,900 Fully paid up equity shares of ₹10/- each in Andhra Bank Ltd		2,279,000		2,279,000

Schedules to the Balance Sheet

(in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
7 INVESTMENTS *(Contd...)*				
C. Unquoted - Non-trade				
Shares in companies				
1,128 Fully paid up equity shares of ₹10/- each in Indian Lead Ltd. (Provision for diminution in value ₹30,000/- PY: ₹30,000/-)		30,000		30,000
D. Unquoted - Trade				
Shares in companies				
12,06,000 Fully paid up equity shares of ₹10/- each in Andhra Pradesh Gas Power Corporation Ltd		157,143,610		157,143,610
Sub-Total		**160,793,814**		**160,793,814**
Less: Provision for diminution in value of investments		37,750		37,750
Total		**160,756,064**		**160,756,064**
Aggregate of quoted investments				
At cost		3,555,204		3,555,204
At market value		52,375,742		55,372,515
Aggregate of unquoted investments - at cost		157,238,610		157,238,610

Note: All investments are long term in nature unless otherwise stated.

8 INVENTORIES (As certified by the Management)				
a. Stores and spares		231,862,510		189,428,308
b. Material in transit		438,881,130		278,670,432
c. Stocks in trade				
i) Raw materials	634,932,928		449,479,851	
ii) Work in process	792,316,859		734,115,283	
iii) Finished goods	748,972,875		524,029,701	
		2,176,222,662		1,707,624,835
Total		**2,846,966,302**		**2,175,723,575**

9 SUNDRY DEBTORS (Unsecured)				
a. Debts outstanding for a period exceeding 6 months				
Considered good	106,718,089		44,543,129	
Considered doubtful	11,075,356		25,086,959	
	117,793,445		69,630,088	
Less: Provision for doubtful debts	11,075,355		25,086,959	
		106,718,090		44,543,129
b. Other debts		2,949,905,845		2,378,411,585
Total		**3,056,623,935**		**2,422,954,714**

10 CASH AND BANK BALANCES				
A. Cash on hand		443,810		653,719
B. At Scheduled banks:				
a. Current accounts	73,551,805		453,153,002	
b. Fixed deposits	320,394,597		167,617,432	
c. Current accounts - Towards unclaimed dividends	7,693,909		3,248,276	
		401,640,311		624,018,710
Total		**402,084,121**		**624,672,429**

Schedules to the Balance Sheet

(in ₹)

Particulars	As at 31.03.2011		As at 31.03.2010	
11 LOANS, ADVANCES AND DEPOSITS				
a. Advances recoverable in cash or kind for value to be received				
Considered good	89,151,788		73,118,339	
Considered doubtful	1,274,150		1,274,150	
	90,425,938		74,392,489	
Less: Provision for doubtful advances	1,274,150		1,274,150	
		89,151,788		73,118,339
b. Advance for purchases				
i) Capital	42,145,065		14,313,230	
ii) Materials and others	82,205,599		31,814,827	
		124,350,664		46,128,057
c. Deposits recoverable		69,576,561		65,931,580
d. Excise duty, Service tax and VAT paid in advance		72,394,966		110,945,167
e. Income tax paid in advance and TDS		712,841,450		774,564,004
f. Excise duty and sales tax paid under protest		5,645,888		7,307,312
g. Low voltage surcharge paid under protest - (APSPDCL)		13,569,600		-
h. Interest accrued		10,052,851		2,854,198
i. Prepaid expenses		15,412,348		6,428,810
Total		1,112,996,116		1,087,277,467

Particulars	As at 31.03.2011		As at 31.03.2010	
12 CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities				
a. Sundry creditors				
i) Dues to Micro Small and Medium enterprises	2,842,463		4,418,074	
ii) Others	1,497,676,888		1,371,243,952	
		1,500,519,351		1,375,662,026
b. Advances from customers		9,119,761		14,360,508
c. Outstanding liabilities		293,423,849		173,235,052
d. Sales tax payable		108,130,288		89,884,258
e. Unclaimed dividend		7,693,909		3,248,276
Total		1,918,887,158		1,656,390,120
B. Provisions				
a. Income tax and Wealth tax				
i) Current Year	737,695,000		841,256,220	
		737,695,000		841,256,220
b. Employee benefits				
i) Leave encashment		47,127,120		29,515,140
ii) Gratuity	49,603,762		40,428,170	
Less: Fund with Life Insurance Corporation of India Ltd	38,222,722		26,273,982	
		11,381,040		14,154,188
c. Proposed dividend		222,056,250		247,678,125
d. Dividend tax		36,880,767		42,092,897
e. Warranty		517,013,968		359,769,782
Total		1,572,154,145		1,534,466,352

Schedules to the Profit and Loss Account

(in ₹)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
14 OTHER INCOME				
a. Interest received (TDS ₹955,176/-, PY - ₹1,163,794/-)		11,244,700		6,936,422
b. Dividend received		43,185,413		21,036,037
c. Claims received		9,140,917		10,241,635
d. Scrap sales		7,223,704		6,613,591
e. Gain on foreign exchange (net)		4,841,612		120,634,504
f. Profit on sale of assets		-		15,976
g. Profit on sale of investment		-		47,538
h. Excess provision/credit balances written back		18,308,088		2,682,847
i. Bad debts recovered		1,997,627		1,628,037
j. Sundry income		100,966		337,914
Total		96,043,027		170,174,501

15 INCREASE/(DECREASE) IN STOCKS				
Closing stock				
a. Work-in-process	792,316,860		734,115,283	
b. Finished goods	748,972,875		524,029,701	
		1,541,289,735		1,258,144,984
Less: Opening stock				
a. Work-in-process	734,115,283		518,444,978	
b. Finished goods	524,029,701		375,106,690	
		1,258,144,984		893,551,668
Increase/(Decrease) in stocks		283,144,751		364,593,316

16 MATERIALS CONSUMED				
Opening stock	449,479,851		320,164,778	
Add: Purchases	12,001,297,191		9,325,935,623	
		12,450,777,042		9,646,100,401
Less: Closing stock		634,932,928		449,479,851
Gross Consumption		11,815,844,114		9,196,620,550
Less: Scrap realisation		8,200,567		70,929,661
Net material consumption		11,807,643,547		9,125,690,889

17 EMPLOYEES' BENEFITS				
a. Salaries, wages and bonus		622,697,594		519,061,889
b. Contribution to PF, Gratuity and other funds		57,430,578		45,656,308
c. Workmen and staff welfare expenses		94,743,718		58,985,935
Total		774,871,890		623,704,132

Schedules to the Profit and Loss Account

(in ₹)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
18 MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES				
A. Manufacturing expenses				
a. Stores and spares consumed (including packing material)		302,750,516		223,363,434
b. Power and fuel		483,412,747		320,779,257
c. Insurance		582,247		4,539,237
d. Repairs and maintenance to:				
i) Machinery	38,863,348		48,599,539	
ii) Buildings	16,643,716		6,940,082	
iii) Other assets	8,456,018		8,731,814	
		63,963,082		64,271,435
Total (A)		850,708,592		612,953,363
B. Selling expenses				
a. Advertisement and promotion		102,944,184		135,471,598
b. Freight outward		419,329,086		350,736,841
c. Commission on sales		26,452,232		36,605,062
d. Other sales expenses		200,648,381		168,360,503
e. Royalty on sales		-		7,500,000
f. Warranty		505,492,556		413,826,243
Total (B)		1,254,866,439		1,112,500,247
C. Administrative expenses				
a. Rent		52,411,948		47,688,725
b. Operating lease rentals		2,089,644		5,134,976
c. Managerial remuneration		192,207,269		221,442,499
d. Payments to auditors		1,774,065		1,363,233
e. Research and development expenses		2,136,254		2,452,781
f. Donations		45,060,980		54,183,602
g. Political donation /advertisement		1,000,000		2,315,943
h. Travel and conveyance		83,668,913		81,944,854
i. Communication		13,580,422		12,620,808
j. Bank charges		9,439,433		11,453,384
k. Consultancy charges		17,203,418		7,888,244
l. Information technology expenses		27,252,444		25,244,560
m. Office maintenance expenses		37,751,696		27,466,335
n. Sundry expenses		61,365,509		64,852,987
Total (C)		546,941,995		566,052,931
D. Other expenses				
a. Provision for doubtful debts		4,837,907		15,215,787
b. Provision for doubtful deposits/advances		-		1,274,150
c. Bad debts and irrecoverable advances written off	22,387,828		15,673,809	
Less: Opening provision reversed	18,849,521		8,229,625	
		3,538,307		7,444,184
d. Assets written off		7,337,448		10,713,458
e. Premium on forward contracts		17,625		4,600,051
Total (D)		15,731,287		39,247,630
Grand Total (A+B+C+D)		2,668,248,313		2,330,754,171

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
19 DUTIES AND TAXES (Excluding Income Tax)				
a. Rates, taxes and licenses		4,319,122		2,511,123
b. Duties and taxes (Excise, ST and Octroi)		19,401,175		18,079,058
Total		23,720,297		20,590,181

Schedules to the Profit and Loss Account

(in ₹)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
20 INTEREST				
a. On term loans		13,925,443		60,901,540
b. On working capital facilities		594,998		6,814,032
Total		14,520,441		67,715,572

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
21 PROVISION FOR TAXATION				
a. Current income tax		737,500,000		840,000,000
b. Deferred tax		(11,419,171)		33,844,555
c. Earlier year's income tax		2,888,792		2,039,673
d. Wealth tax		195,000		130,653
Total		729,164,621		876,014,881

Schedules to the Accounts

13 STATEMENT ON ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

STATEMENT ON ACCOUNTING POLICIES

1. **General**

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

2. **Fixed assets**

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

3. **Intangible assets**

   Intangible assets are stated at cost of acquisition less accumulated amortisation. Intangible assets, which are in the nature of computer software are amortised over a period of 4 years on straight line method.

4. **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 Equipment – 8 Years; Moulds – 3 Years

5. **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.

6. **Inventories**

   a. Finished goods are valued at lower of cost or market value.
   b. Raw Materials, Work in Process, Stores and Spares, Materials in transit etc., are valued at cost.
   c. Scrap is valued at an estimated net realisable value.

7. **Sales**

   Gross Sales are inclusive of Excise Duty, Sales tax/VAT, Service tax, Insurance, Octroi, Service charges etc., recovered thereon and net of trade discounts / trade incentives.

8. **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 administrated by the Life Insurance Corporation of India Limited, and are charged to Profit and Loss Account at predetermined rates in the year in which the employees have rendered service.

Schedules to the Accounts

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

II) Defined Benefit Plans

a) Company's liability to Gratuity on retirement of its eligible employees is funded and is being administrated by the Life Insurance Corporation of India 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.

9. 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.

10. 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.

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.

11. Warranty Claims and Provisions

The company makes 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.

12. 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.

13. 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 rate of tax enacted or substantively enacted by the balance sheet date.

- 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.

14. 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.

15. 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.

16. 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.

Schedules to the Accounts

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

17. Borrowing Costs

Borrowing costs directly attributable for acquisition of qualifying assets are capitalised as part of the asset. Other borrowing costs are charged to revenue as and when incurred.

18. Commodity Hedging

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

NOTES FORMING PART OF THE ACCOUNTS

1. a) The company's fixed assets both movable and immovable, both present and future have been placed as security under first charge for the term loan obtained in foreign Currency from BNP Paribas.

   b) 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 and spares, bills receivable and book debts. The fixed assets of the Company are provided as collateral security by way of second charge for the working capital facilities availed from State Bank of India.

   c) Consequent to an order passed by Vidyut Ombudsman in March 2010, Andhra Pradesh Southern Power Distribution Company Ltd., (APSPDCL) has demanded ₹ 27.06 million as low voltage surcharge (including interest) for the period from June, 2005 to November, 2007. The company has created a liability in the accounts for ₹ 25.80 million during the financial year ended March 31, 2009, as per APSPDCL'S original demand. The Company has paid ₹13.57 million under protest. The Company has not provided the balance of ₹1.26 million in the books and has preferred an appeal against the order of Vidyut Ombudsman.

2. The company is availing the sales tax deferment benefit since 1997-98 on its expanded capacity. Such deferment claimed, as on March 31, 2011 is ₹ 710.02 million (PY ₹ 638.95 million). This amount is subject to revision by the assessment authorities, on completion of assessments.

3. Contingent Liabilities

(₹ Million)

Particulars	31.03.2011	31.03.2010
a. Claims against the company not admitted towards		
Excise Duty/ Service Tax	18.62	10.83
Sales Tax	88.21	28.43
Electricity	205.44	145.93
Dues to Supplier	0.75	–
[Against all the above, ₹ 5.64 million (PY ₹ 7.30 million) was paid under protest]		
b. Counter guarantees given to banks in respect of bank guarantees issued in favour of various constituents	284.05	466.89
c. Letters of credit opened with banks	169.46	246.42
d. Bills discounted with scheduled banks	69.13	43.81
e. Estimated amount of contracts remaining to be executed on capital accounts, not provided for	236.94	74.99
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

4. Capacity and production

Particulars	UOM	31.03.2011	31.03.2010
Storage batteries			
Installed capacity	Nos.	10,070,000	9,300,000
Average installed capacity	Nos.	9,505,873	8,162,000
Actual production	Nos.	8,188,533	6,424,560

Note: The installed capacity represents the capacity as at March 31, 2011 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 ON ACCOUNTS (Contd...)

5. Purchase of trading goods

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage Batteries	36,864	11.73	290	1.90
Home UPS	21,220	62.41	10,189	33.43
Total	**58,084**	**74.14**	**10,479**	**35.33**

6. Turnover

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Storage batteries and others	8,077,061	20,764.83	6,475,396	16,903.55

Note: The above includes 370,044 (298,406) batteries issued as replacements, samples, etc.

7. Opening and closing stock of finished goods

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Qty (Nos.)	Amount	Qty (Nos.)	Amount
Opening stock				
Storage Batteries	327,943	521.53	367,929	371.62
Home UPS	689	2.50	1,060	3.49
Closing Stock				
Storage Batteries	490,988	727.29	327,943	521.53
Home UPS	7,200	21.68	689	2.50

8. Consumption of raw material

(₹ Million)

Particulars		Year ended 31.03.2011		Year ended 31.03.2010	
	UOM	Qty.	Amount	Qty.	Amount
Lead	Kgs.	49,269,960	5,519.08	42,376,377	4,236.87
Lead alloys	Kgs.	38,785,456	4,696.91	32,588,309	3,492.14
Separator	Kgs.	1,191,307	191.52	1,020,793	180.55
Separator	Sq. Mtrs.	7,577,874	247.73	6,441,553	221.51
Others			1,160.60		1,065.55
Total			**11,815.84**		**9,196.62**

9. Comparison between consumption of imported and indigenous raw materials, stores and spares during the year

i. Raw materials

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Value	%	Value	%
Imported	5,157.55	43.65	5,364.10	58.33
Indigenous	6,658.29	56.35	3,832.52	41.67
Total	**11,815.84**	**100.00**	**9,196.62**	**100.00**

ii. Stores and spares consumed

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Value	%	Value	%
Imported	47.95	15.84	46.59	20.86
Indigenous	254.80	84.16	176.77	79.14
Total	**302.75**	**100.00**	**223.36**	**100.00**

Schedules to the Accounts

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

10. Value of imports made during the year by the Company calculated on CIF basis

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Capital goods	206.09	151.44
Finished goods	9.63	1.39
Raw material and components	5,052.39	5,057.59
Stores and spares	62.85	45.52
Total	**5,330.96**	**5,255.94**

11. Expenditure incurred in foreign currency during the year

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Foreign travel expenses (exclusive of tickets purchased in Rupees)	3.80	5.19
Sales commission	0.26	1.77
Interest	13.83	30.93
Others	2.55	4.20
Total	**20.44**	**42.09**

12. Remittance in foreign currency on account of dividends

(₹ Million)

Year	No. of non-resident shareholders	No. of shares	Amount of dividend
2010-11	6	22,719,111	111.32
2009-10	8	23,098,361	18.48

13. FOB value of exports made during the year

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Sales	834.15	521.57

14. Disclosure required by the AS – 15 (revised) – Employee benefits

Reconciliation of present value of defined benefits obligations

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Gratuity	Leave salary	Gratuity	Leave salary
Present value of obligations at period beginning	40.43	29.52	35.79	18.38
Interest cost	3.23	2.23	2.86	1.25
Service cost	5.35	21.32	4.44	12.90
Benefits paid	(2.09)	(3.38)	(1.41)	(0.95)
Actuarial (gain)/Loss	2.68	(2.56)	(1.25)	(2.06)
Present value obligations at period end	**49.60**	**47.13**	**40.43**	**29.52**

Expenses recognised in the statement of Profit and Loss Account

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Gratuity	Leave salary	Gratuity	Leave salary
Interest cost	3.23	2.23	2.86	1.25
Service cost	5.35	21.32	4.44	12.90
Actual return	(2.47)	--	(1.88)	--
Actuarial (gain)/Loss	2.68	(2.56)	(1.26)	(2.06)
Total Cost	**8.79**	**20.99**	**4.16**	**12.09**

Schedules to the Accounts

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

Reconciliation for fair value of plan assets

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Gratuity	Leave salary	Gratuity	Leave salary
Fair value of plan assets at period beginning	26.27	-	20.46	-
Actual return	2.47	-	1.88	-
Contribution by employer	11.57	-	5.34	-
Benefits paid	(2.09)	-	(1.41)	-
Fair value of plan assets at period end	38.22	-	26.27	-
Present Value of unfunded obligations	11.38	47.13	14.15	29.52
Net liability recognised in the Balance Sheet	**11.38**	**47.13**	**14.15**	**29.52**

Actuarial Assumptions

a) Discount rate	8.00%
b) Attrition rate (for gratuity qualifiers)	4.00%
c) Salary escalation rate per unit	7.00%
d) Mortality rate	LIC 1994-96 mortality rates.
e) Expected return	9.40%

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.

15. Remuneration to Non-Executive Chairman and Managing Director

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

(₹ Million)

Particulars	Year ended 31.03.2011	
Profit for the year as per the Profit and Loss Account		2,210.13
Add:		
Directors' sitting fee	0.25	
Remuneration to Chairman and Managing Director	192.21	192.46
Net Profit as per Section 349		2,402.59
Remuneration by way of commission to Chairman @ 3%		72.08
Remuneration to Managing Director @ 5%		120.13

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

(₹ Million)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
	Chairman	Managing Director	Chairman	Managing Director
Salary	--	15.00	--	2.40
Contribution to PF	--	0.01	--	0.01
Commission	72.08	105.12	83.04	135.99
Total	**72.08**	**120.13**	**83.04**	**138.40**

16. Payment to Auditors

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Statutory audit	1.40	1.10
Taxation matters (including tax audit)	0.10	0.10
Reimbursement of out of pocket expenses	0.14	0.03
Cost audit	0.09	0.09
Certification fee for cost auditor	0.04	0.04
Total	**1.77**	**1.36**

Schedules to the Accounts

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

17. Fixed deposits under cash and bank balances include

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Lodged as security with various authorities	0.31	0.31
Towards margin money	--	7.31

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

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
a. Amara Raja Power Systems Limited	124.12	101.86
Maximum balance	124.12	101.86
b. Mangal Precision Products Limited	-	-
Maximum balance	0.99	5.11
c. Amara Raja Electronics Limited	211.98	97.25
Maximum balance	211.98	97.25
d. Galla Foods Limited	-	0.20
Maximum balance	-	0.20

B. Sundry Creditors include payables to companies in which the directors are interested

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
a. Amara Raja Power Systems Limited	-	0.23
b. Mangal Precision Products Limited	101.36	80.20
c. Amara Raja Electronics Limited	-	12.07
d. Amara Raja Infra Private Limited	-	1.11
e. Amara Raja Industrial Services Private Limited	2.61	-

C. Advance for purchases (capital) include advance to companies in which the directors are interested

(₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Amara Raja Infra Private Limited	10.87	1.00

19. 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.

20. Related party transactions

Related parties particulars pursuant to "Accounting Standard –18"

A) List of related parties

1. Key management personnel

Sri Jayadev Galla

2. Relatives of key management personnel

Dr. Ramachandra N Galla	Father of Sri. Jayadev Galla
Smt. G. Amara Kumari	Mother of Sri. Jayadev Galla
Smt. G. Padmavathi	Wife of Sri. Jayadev Galla
Dr. G. Ramadevi	Sister of Sri. Jayadev Galla
Sri Ashok Galla	Son of Sri. Jayadev Galla
Master Siddharth Galla	Son of Sri. Jayadev Galla

3. Enterprises in which key management personnel and / or their relatives have significant influence

Amara Raja Power Systems Limited
Amara Raja Electronics Limited
Mangal Precision Products Limited
Galla Foods Limited
Amara Raja Infra Private Limited
Amara Raja Industrial Services Private Limited

Schedules to the Accounts

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

4. Enterprise with significant influence
   Johnson Controls Mauritius Private Limited, Mauritius

B) Transactions with the Related Parties

(₹ 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 significant influence
I. Transactions during the year:				
a. Remuneration paid	120.13	72.08	-	-
b. Sitting fee paid	-	-	-	-
c. Dividend paid	31.41	66.66	7.63	108.81
d. Rents paid	-	6.18	0.75	-
e. Sale of goods	-	-	435.65	-
f. Reimbursement/Sharing of expenses	-	-	46.95	-
g. Purchase of goods	-	-	1,541.11	-
h. Purchase of capital items	-	-	146.31	-
II. Balances as at 31.03.2011				
a. Share capital held by	12.82	27.21	3.12	44.41
b. Remuneration payable	105.12	72.08	-	-
c. Payables – trade dues	-	-	103.97	-
d. Receivables – trade dues	-	-	336.09	-
e. Advance for purchases	-	-	10.87	-
f. Deposits receivable	-	1.76	-	-

21. Note forming part of accounts in relation to Micro, Small and Medium Enterprises
Based on, and to the extent of information received from the suppliers with regard to their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), 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, Small and Medium Enterprises are given below:

(₹ Million)

Sl. No.	Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
		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

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

Future minimum lease rentals payable as at balance sheet date (₹ Million)

Up to one year	Nil (PY: 2.22)

Schedules to the Accounts

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

23. Major components of Deferred Tax Assets and Liabilities as at 31.03.2011 arising on account of timing differences are:

(₹ Million)

Particulars	Assets	Liabilities
Depreciation	-	235.57
Amounts disallowed under Section 43B of the IT Act and Others	30.64	-
Total	**30.64**	**235.57**

Net Deferred Tax Liability as on March 31, 2011 ₹ 204.93 Million.

24. A. Details of provision for warranty expenses (₹ Million)

Provision as on 31.03.2010	359.76
Provision made during 2010-11	489.33
Withdrawn/reversed during the year	(332.08)
Provision as on 31.03.2011	**517.01**

B. Movement of provision for doubtful debts (₹ Million)

Provision as on 31.03.2010	25.09
Provision made during 2010-11	4.84
Reversed and Written off as bad debts	(18.85)
Provision as on 31.03.2011	11.08

25. Particulars of revenue expenditure capitalised during the year (₹ Million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Salaries	–	9.81
Power and fuel	-	0.14
Foreign travel expenses	0.41	-
Total	**0.41**	**9.95**

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

27. In the opinion of Board of Directors the current assets, loans and advances are expected to realise the value stated in the accounts, in the ordinary course of business.

28. Donations include ₹ 1.00 Million donated to the Communist Party of India (Marxist), Chittoor District Committee.

29. Previous year figures have been regrouped wherever necessary to confirm to the current year's classification.

30. 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)
Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
Chartered Accountants

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Place : Tirupati
Date : May 19, 2011

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

Place : Milwaukee, USA
Date : May 16, 2011

Cash Flow Statement For the year ended March 31, 2011

(in ₹)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		2,210,128,596		2,546,348,749
Add/Less : Adjustments for :				
a. Depreciation	417,120,633		429,451,244	
b. Profit on sale of assets	-		(15,976)	
c. Profit on sale of investments	-		(47,538)	
d. Loss on sale of assets	135,798		74,475	
e. Assets written off	7,337,448		10,713,458	
f. Interest paid	14,520,441		67,715,572	
g. Bad debts written off	3,538,307		15,673,809	
h. Provision for bad debts	4,837,907		6,986,162	
i. Provision for doubtful advances	-		1,274,150	
j. Exchange (gain)/loss on restatement (loans)	509,625		(50,575,704)	
k. Provision for leave encashment	17,611,980		11,131,559	
l. Provision for gratuity	(2,773,148)		(1,177,057)	
m. Provision for warranty	157,244,186		177,124,956	
n. Dividend received	(43,185,413)		(21,036,037)	
o. Interest received	(11,244,700)	565,653,064	(6,936,422)	640,356,651
Operating profit before working capital changes		2,775,781,660		3,186,705,400
Add/Less : Adjustments for working capital changes				
a. Decrease/(Increase) in inventories	(671,242,728)		(567,454,902)	
b. Decrease/(Increase) in sundry debtors	(642,045,435)		(367,121,645)	
c. Decrease/(Increase) in loans and advances	(87,441,205)		156,505,690	
d. Increase/(Decrease) in trade payables and liabilities	262,497,036	(1,138,232,332)	518,422,037	(259,648,820)
Cash generated from operations		1,637,549,328		2,927,056,580
Less: 1. Income tax paid	782,291,806		784,383,186	
2. Wealth tax paid	130,653	782,422,459	128,074	784,511,260
Net cash from operating activities - A		855,126,869		2,142,545,320
II. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of fixed assets		(518,563,610)		(684,711,844)
b. (Increase)/Decrease in capital work in progress		(148,519,484)		169,153,480
c. Sale of fixed Assets		355,376		475,721
d. Sale of Investments		-		310,277,662
e. Interest received		11,244,700		6,936,422
f. Dividend received		43,185,413		21,036,037
Net Cash from investing activities - B		(612,297,605)		(176,832,522)

Cash Flow Statement (Contd...)

(in ₹)

Particulars	Year ended 31.03.2011		Year ended 31.03.2010	
III. CASH FLOW FROM FINANCING ACTIVITIES				
a. Increase/(decrease) in borrowings		38,056,212		(1,896,239,770)
b. Interest paid		(14,520,441)		(67,715,572)
c. Dividend paid		(418,490,625)		(68,325,000)
d. Dividend tax paid		(70,462,718)		(11,611,833)
Net cash from financing activities - C		**(465,417,572)**		**(2,043,892,175)**
Net cash flow from all activities (A+B+C)		**(222,588,308)**		**(78,179,377)**
Opening cash and bank balances		624,672,429		702,851,806
Add : Net increase/(decrease) in cash & cash equivalents		(222,588,308)		(78,179,377)
Closing cash and bank balances		**402,084,121**		**624,672,429**

As per our report of even date attached

For **E. PHALGUNA KUMAR & CO.**
Chartered Accountants

E. Phalguna Kumar
Partner
(ICAI Memb. No: 20278)
Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
Chartered Accountants

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Place : Tirupati
Date : May 19, 2011

For and on behalf of the Board

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

Place : Milwaukee, USA
Date : May 16, 2011

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, 2011. 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 May 19, 2011 to the members of the Company.

For **E. PHALGUNA KUMAR & CO.**
Chartered Accountants

E. Phalguna Kumar
Partner
(ICAI Memb. No: 20278)
Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
Chartered Accountants

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)
Firm Registration No. 000632S

Place: Tirupati
Date: May 19, 2011

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration no.	05305	State code	01

Date	Month	Year
31	03	2011

II. Capital raised during the year *(Amount in ₹ Thousand)*

Public issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private placement	NIL

III. Position of mobilisation and deployment of funds *(Amount in ₹ Thousand)*

Total liabilities	11105707	Total assets	11105707
Sources of funds			
Paid-up capital	170813	Reserves and surplus	6288459
Secured loans	240444	Unsecured loans	710016
Deferred tax liability	204934	**Total**	**7614666**
Application of funds			
Net fixed assets	3526281	Investments	160756
Net current assets	3927629	**Total**	**7614666**

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

Turnover including other income	20860870	Total expenditure	18650741
Profit before tax	2210129	Profit after tax	1480964
Earning per share (₹)	17.34	Dividend Rate (%)	230

V. Generic names of two principal products / services of the 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

Place : Milwaukee, USA
Date : May 16, 2011

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

Notice of Annual General Meeting

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Amara Raja Batteries Limited will be held on Saturday, August 13, 2011 at 3.00 PM at the Registered Office of the Company at Renigunta – Cuddapah Road, Karakambadi - 517 520, Tirupati, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited balance sheet as at March 31, 2011 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 a dividend on equity shares for the financial year ended March 31, 2011.
3. To appoint a director in place of Mr. Jorge A Gonzalez, 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. Shu Qing Yang, who retires by rotation in terms of Article 105(a) of the Articles of Association of the Company and being eligible offers himself for re-appointment.
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, Firm Registration No. 002644S and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, Firm Registration No. 000632S 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."

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

Place: Milwaukee, USA
Date: May 16, 2011

N.Ramanathan
Company Secretary

Notes:

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a Member of the Company. The proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. The register of members and share transfer books of the Company will remain closed from August 04, 2011 to August 13, 2011 (both days inclusive).
3. Dividend as recommended by the board of directors, if approved, by the members at the annual general meeting, shall be paid on or after August 13, 2011 to those members whose name appear in the register of members as on the date of the annual general meeting, within the stipulated time period. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of August 03, 2011, as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
4. The Securities and Exchange Board of India (SEBI) and the Ministry of Corporate Affairs have made it compulsory for all the listed companies to offer Electronic Clearing Services (ECS) facilities for payment of dividend. The ECS facility is available at certain specified locations. This facility offers various benefits like timely credit of dividend to the shareholders account, elimination of loss of instruments in transit or fraudulent encashment etc. In view of the above:
   i) Members holding shares in dematerialised mode are requested to provide the bank details to their respective Depository Participant (DP) for availing ECS facility. The DP in turn would forward the required information to the Company/Company's Registrar and Share Transfer Agent (RTA).
   ii) Members holding shares in physical form and desirous of availing ECS facility are requested to complete the ECS form attached to this annual report and forward the same to the Company/RTA.
5. Members are requested to furnish/update their bank account details to the RTA, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai – 600 002/Depository Participants to enable the Company to print the same on dividend warrants.
6. 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 provides that no claims shall lie against the IEPF 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.

7. Members are requested to handover the enclosed attendance slip, duly signed in accordance with their specimen signature (s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to write their DP ID and Client ID number and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.

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

9. The attendance slip, proxy form and ECS forms are attached at the end of this annual report for your convenience.

10. A Member or his/her proxy is requested to bring the annual report to the meeting as extra copies will not be distributed.

11. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 7 days before the annual general meeting.

12. Members who desire to receive the document from the Company in electronic mode may provide their e-mail address to the RTA of the Company through e-mail at investor@cameoindia.com mentioning the Company's name and folio number / DP ID and Client ID.

13. Information required under Clause 49 (IV) (G) of the Listing Agreement (relating to corporate governance) with respect to the directors is as under.

Brief particulars of the directors proposed for re-appointment at the annual general meeting is given below: (Pursuant to clause 49 of the listing agreement)

I. **Name of director**	Mr. Jorge A Gonzalez
Date of Birth	21-05-1960
Qualification	Industrial Engineer
Expertise	Mr. Jorge A Gonzalez is Vice President of Asia Pacific Operations of JCI. He has held positions with increasing responsibility ranging from Plant Manager in Torreon, Mexico to Vice President – Latin America to Vice President European Operations.
Name(s) of other Public Companies* in which Directorships held	Nil
Name(s) of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total shares held by him	Nil
II. **Name of Director**	Mr. Shu Qing Yang
Date of Birth	24-03-1959
Qualification	M.S. Mechanical
Expertise	Mr. Shu Qing Yang is the Vice President and General Manager of Asia of Johnson Controls, Inc. a fortune 500 company with seating/interior, building efficiency and power solutions operation. He has been responsible for growing Johnson Controls' Power Solution Business in the Asia Pacific Region since 2007 with locations in India, China, Japan, Korea, Thailand, Malaysia, Indonesia and Australia. He has been relocated to Shanghai in 2005. Prior to this position Mr. Shu Qing Yang was the Vice President, Business Development and Strategy, Asia Pacific for JCI's seating/interior business in the last ten years.
Name(s) of other Public Companies* in which Directorships held	Nil
Name(s) of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total shares held by him	Nil

* Includes only Companies incorporated under the Indian Companies Act, 1956.

By order of the board
For **Amara Raja Batteries Limited**

Place: Milwaukee, USA
Date: May 16, 2011

N. Ramanathan
Company Secretary

AMARA RAJA
Gotta be a better way

Amara Raja Batteries Limited

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

Dear Shareholder(s),

Re: ELECTRONIC CLEARING SERVICE (ECS)

We refer to the letter bearing Ref. No. List/psr/cir-I/2002 dated January16, 2002 issued by Stock Exchange, Mumbai according to which they have informed us that Securities and Exchange Board of India (SEBI) vide its letter no. DCC/FITTCIR-3/2001 dated October 15, 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 shareholders holding shares in physical form

   Shareholders holding shares in physical form 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 RTA at the following address:

   M/s. Cameo Corporate Services Limited,
   Unit: Amara Raja Batteries Limited,
   "Subramanian Building",
   5th Floor, No.1, Club House Road,
   Chennai – 600002.

2. ECS details for shareholders holding shares in demat form

   Shareholders holding their shares in demat mode, are requested to provide the details to NSDL / 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 RTA will not be considered.

Yours faithfully
For **Amara Raja Batteries Limited**

N. Ramanathan
Company Secretary

Form A

To

M/s. Cameo Corporate Services Limited
Unit: Amara Raja Batteries Limited,
"Subramanian Building",
5th Floor, No.1, Club House Road,
Chennai – 600 002

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. ....

Name of the bank in full ....

Branch name ....

Address & telephone no. of the bank ....

9 Digit code number of the bank
and branch as appearing on
the **MICR** cheque issued by the bank ....

Type of account with code

Saving Bank	Current	Cash Credit
10	11	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 cancelled cheque / xerox copy of cheque / front page of savings 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)

AMARA RAJA
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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.

Name & Address of the Member(s) ____

____

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

No. of Shares held ____

* Applicable for members holding shares in electronic form.

I/We hereby record my presence at the 26th annual general meeting held on Saturday, August 13, 2011 at 3.00 p.m. at the registered office: Renigunta -–Cuddapah Road, Karakambadi–517 520, Tirupati, Andhra Pradesh, India

Signature of the Member/Proxy

AMARA RAJA
Gotta be a better way

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 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 26th annual general meeting of the Company to be held on Saturday, August 13, 2011 at 3 00 p.m. and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2011 by the said ____________________

* Applicable for members holding shares in electronic form.

Affix Re. 1 Revenue Stamp here

Signature(s) of Member(s)

Note: 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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info@trisyscom.com

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Nagaraj and Company Pvt. Ltd.

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