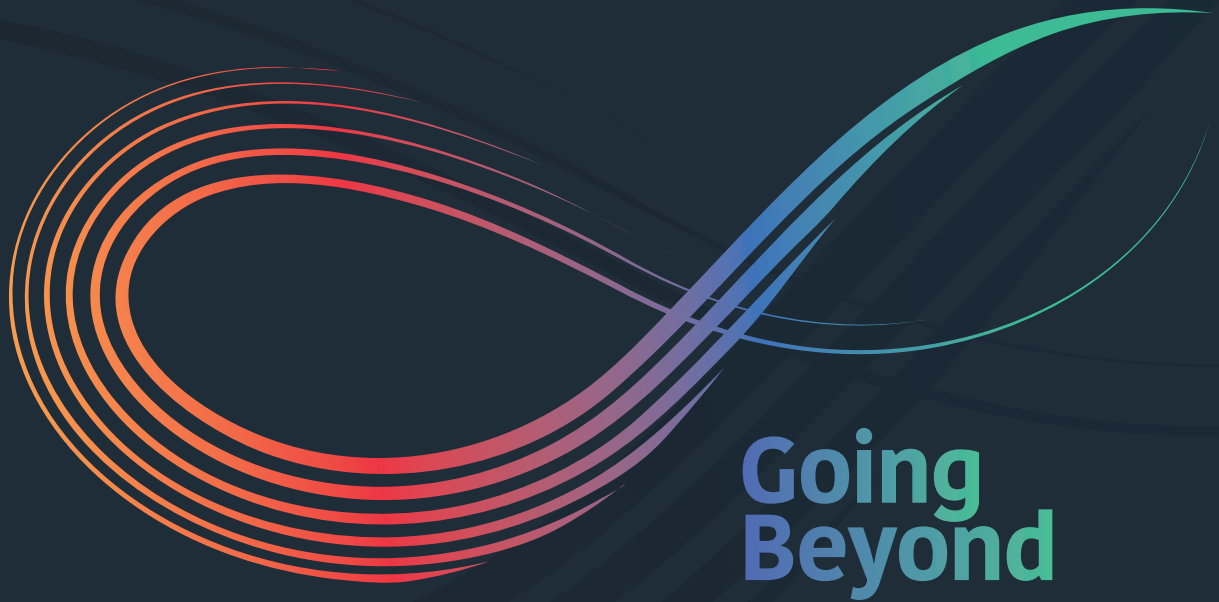




**AMARA RAJA**  
Gotta be a better way



**Going  
Beyond**

AMARA RAJA BATTERIES LIMITED  
**ANNUAL REPORT 2018-19**

# Content

## **CORPORATE OVERVIEW**

Vision	2
Financial progress	4
From the Management's Desk	6
Awards & Recognition	10


## **STATUTORY DOCUMENTS**

Management Discussion & Analysis	12
10-Year Financials	48
Corporate Information	49
Directors' Report	50

## **FINANCIAL STATEMENTS**

Standalone Financial Statements	108
Consolidated Financial Statements	159

<b>NOTICE</b>	<b>205</b>
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**The only limits you have are the ones  
you place on yourself.**

At Amara Raja, we prefer stepping out of our comfort zones; moving away from our past laurels and going well beyond what's existent, to find out more of what's possible.

And that is exactly what we have been doing.

We have gone beyond to seek new alliances, find new opportunities, innovate new products, utilise new technologies - and thereby we have gone beyond simply existing as a growing company and towards making our growth sustainable for years to come.

Because when it comes to performance, success and creating value - we prefer not putting any limits, whatsoever.



# Vision

Through the Amara Raja way  
and through enduring progressive partnerships  
we will be a Global Leader  
in Batteries and Battery Technologies and  
a dominant player in the Indian Ocean  
Rim.



## Core purpose

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

### Innovation

Innovation for us is proactively rebelling for better ways of doing things leading to newer possibilities.

### Excellence

Excellence to us is continually enhancing our performance to consistently produce outstanding results with lasting impact.

### Entrepreneurship

Entrepreneurship to us is leading with courage and conviction to convert gaps into opportunities, create wealth and contribute to growth.

### Experiences

Experiences to us are what we create for our stakeholders, which makes them feel part of something special, leading to endearing relationships.

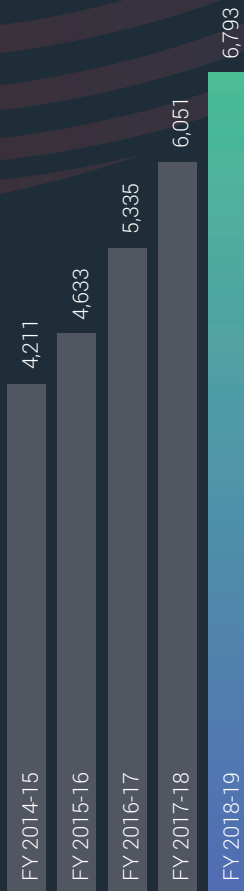
### Responsibility

Responsibility to us is the total ownership of our thoughts and actions in every situation to achieve maximum common good in the best interest of Environment, Society, Customer, Supplier, Employee and Shareholders.

# Going beyond... year on year



**NET SALES**  
(₹ crores)



Y-o-Y Growth **12.27%**  
5-Year CAGR **14.60%**



**EBITDA**  
(₹ crores)



Y-o-Y Growth **6.56%**  
5-Year CAGR **11.44%**



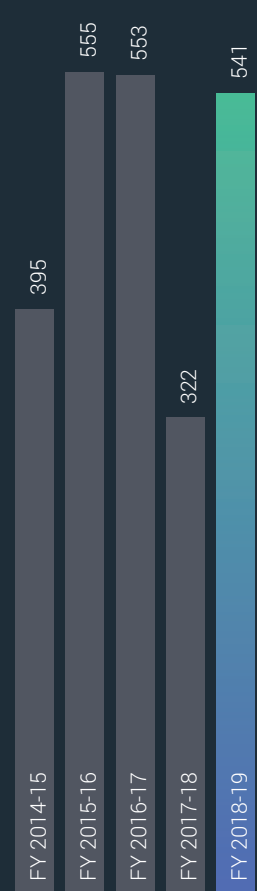
**PROFIT AFTER TAX**  
(₹ crores)



Y-o-Y Growth **2.58%**  
5-Year CAGR **5.64%**



**NET CASH FROM OPERATIONS**  
(₹ crores)



Y-o-Y Growth **68.22%**  
5-Year CAGR **14.19%**



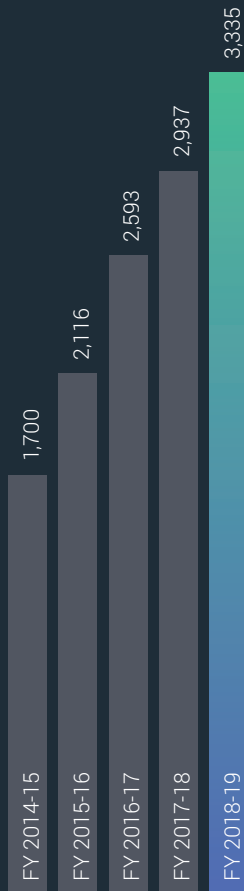
**EARNINGS PER SHARE**  
(₹)



Y-o-Y Growth **2.60%**  
5-Year CAGR **5.65%**



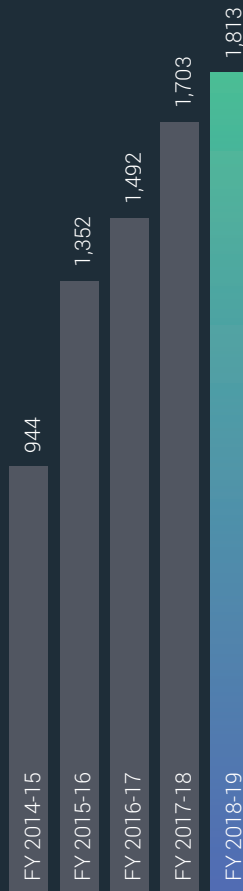
**NET WORTH**  
(₹ crores)



Y-o-Y Growth **13.55%**  
5-Year CAGR **19.60%**



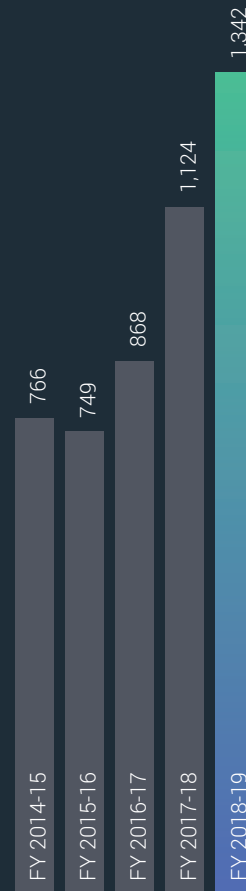
**NET FIXED ASSETS**  
(₹ crores)



Y-o-Y Growth **6.43%**  
5-Year CAGR **23.81%**



**NET CURRENT ASSETS**  
(₹ crores)



Y-o-Y Growth **19.37%**  
5-Year CAGR **14.07%**

# From the Management's Desk



“We will continually shape the Company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success. Our decisions, actions and efforts will always be focused on reinforcing our commitment to create long-term value for our shareholders.”

**Dr. Ramachandra N Galla**  
Chairman



# Dear Friends

For an idea which would have never seen the light of day had it not been for the determined perseverance of the promoters, Amara Raja has come a long way to become the technology leader and one of the largest manufacturers of lead-acid batteries in India.

For an organisation that has made significant investments over the last several years to build capacities and capabilities to sustain accelerated growth momentum, Amara Raja has delivered impressive business performance to remain a completely debt-free company with sizeable cash reserves.

For a Company that pioneered and introduced the VRLA battery technology in India for Telecom application, Amara Raja has made commendable progress to emerge as the preferred supplier of storage batteries for multiple applications to global brands operating in India.

For company that forayed into automotive segment with the introduction of "factory charged, ready to fit" AMARON® batteries, Amara Raja continued to change the rules of the game with path breaking product innovations and disruptive distribution models enabled by responsible adoption of globally contemporary technology.

These achievements have happened primarily owing to the dedicated efforts of the team in going beyond perceived mental barriers, pushing their mind a little harder and getting better every day. We owe our success in equal measure to our partners Johnson controls (JCI) whose technology support for over two decades has greatly helped us in making the AMARON® brand a leader in the automotive battery space among OEMs and in the aftermarket.

Destiny has it that change is the only constant. And so it is with us. As we entered 2019-20, our mutually enriching relation with JCI came to an end as a consequence of JCI deciding to sell their power solutions business globally to Brookfield. This opens up newer possibilities for Amara Raja and we are keenly watching the developments post the sale transaction between Jonson controls and Brookfield to determine our next steps.

Amara Raja has thrived through numerous disruptions in the market place and emerged stronger time to time by leveraging these challenges to our advantage. We will continue to do so. Because we understand the customer needs better and proactively build products that exceeds the customer expectations. Because we are a technology leader in our space. Because we have developed products in-house that have become global benchmarks.

These achievement have been possible because we have assiduously built technological capabilities over the years to become a truly integrated company with Design, Development & Delivery capability.

## Going beyond...

At Amara Raja, we are very positive about our prospects going forward. This optimism comes out of a carefully crafted growth strategy with a two pronged approach. First, continue to leverage current strengths and consolidate the gains to emerge as undisputed market leader. Secondly, build new capabilities that helps the organisation to tap into new and emerging opportunities such as smart mobility, renewable energy, energy storage etc.



**Mr. Jayadev Galla**  
Vice Chairman and Managing Director

To achieve our strategic growth objectives, we will be clearly focused on some of the key areas as specified below:

**Focus on Customer:** We have built strong customer focused processes and systems which enabled us to gain the trust and confidence of our customers. Amara Raja has evolved as a preferred supplier partner to our customers by continually enhancing product and service quality year-after-year. We continue to add new OE customers and more platforms of existing OE customers to our fold which, we expect, will continue to drive volumes.

**Focus on Technology:** Technology continues to be at the core of our strategic actions and we will be continuing to leverage the in-house R&D, product and process development capabilities while pursuing technological associations where relevant.

We have implemented important steps in 2018-19 that will further strengthen our competitive advantage in our business space.

We signed a license agreement with JCI for its PowerFrame® Technology in September 2018 to be utilised for our automotive and industrial batteries. We have received the complete technology know-how and we will progressively deploy this technology across all our manufacturing plants starting with the recently announced capacity expansion project.

- We have developed and implemented continuous stamped grid plate making technology for our two-wheeler battery facility. This unique technology will significantly enhance our plate-making process capability in terms of quality, productivity and environmental performance.

**Focus on new and emerging markets:** We keep a hawk eye on developments transpiring in our storage battery space across the globe and in India. When a new application is in its formative phase (like the e-mobility space in India) we ready ourselves. We do significant ground work in terms of promise,

prospects, product and process. When that market gains size and momentum, we reach out with speed. We maintain this strategy for our e-mobility solutions too. While there is considerable buzz across India on e-mobility, we have set up a pilot plant to assemble battery packs with Lithium technology to serve Electric Vehicle applications in 2-wheeler and 3-wheeler vehicle segments. Development work is underway for E-bus and passenger car segments - our way of testing the overall market.

### There is more in store

Today, Amara Raja is a widely recognised and respected brand. In this new phase of our business journey, we will integrate closer into the global village – in terms of technology, product and market.

As a first step towards this goal, we have established our office in UAE to strengthen our presence in the Middle-East and African markets. While we continue to grow volumes in these markets, we will soon expand our presence in other key global markets such as South East Asia.

Further, we are implementing a Business Transformation exercise – moving the entire organisation to the latest SAP S/4 HANA digital core. This advanced IT platform promises to upgrade our business processes to global standards and facilitate more informed decision-making.

### In closing

It is sheer endurance that has brought us here. We have stayed the course and believed in our business model. We have successfully managed both failures and risks in a fast changing world that brings new and disruptive ideas every day. We have constantly raised the bar by benchmarking ourselves against the global best. Through a combination of high technology, talent, and a culture rooted deeply in quality and innovation, we have proved that as an organisation, we have what it takes to make world-class, cutting-edge products.

We will work very diligently to ensure that Amara Raja remains always

relevant and current to the people we serve and to the changes taking place in our environment. To that end, we will continually shape the Company, strategically choosing the businesses in which we compete, the areas of research in which we invest, and the geographies in which we build, to achieve the optimal configuration for success. Our decisions, actions and efforts will always be focused on reinforcing our commitment to create long-term value for our shareholders.

As we move forward into 2019-20, I would like to express my sincere gratitude to all our stake holders who have been there with us along this challenging and invigorating journey. My earnest thankfulness to fellow Directors for their commitment and professionalism in paving our long-term path. My deep appreciation to all our loyal and valuable shareholders for their continued confidence and support. My thanks to our suppliers and lenders, who continue to be our partners in growth. Lastly, my deep respect and appreciation to our management team and staff for their valuable and ongoing dedication in contributing to Amara Raja's growth.

Warm regards,

### The management team



**Design. Developed. Delivered**

- We designed and developed advanced technology for manufacturing AGM batteries for motor cycle – a first for India.
- Our in-house designed UPS battery has emerged as a global benchmark of performance today.

# Awards & Recognition



*Amara Raja team receiving "Best in Quality Management" award from Honda Motorcycle and Scooters India Limited*



Amara Raja team receiving **"Best Vendor Rating and System Audit"** award from Maruti Suzuki India Limited.



**"Gold Award"** for the good manufacturing practices in Indian Green Manufacturing Challenge (IGMC) Awards 2018 from International Research Institute for Manufacturing (IRIM).



Amara Raja team receiving the **ABK AOTS 5S Sustenance Award**



Amara Raja team receiving the award on **'Operational Excellence in Reverse Logistics'** at 8th edition of Manufacturing Supply Chain Summit



AMARA RAJA  
N 13° 11' 38"  
E 79° 01' 56"  
Altitude 362 m

Amara Raja

In the backdrop of growing competitive intensity, sectoral disruptions and economic challenges, it has become vital for a corporate to outline a narrative that showcases its capability to sustain its growth momentum, which enables shareholders to gain an insight into the organisation and its operations and that empowers shareholders to make an informed decision to remain invested - **a review titled Management Discussion & Analysis.**



# Economic Overview

## **Global economy:**

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. Global growth, which peaked at close to 4% in 2017, softened to 3.6% in 2018 and is projected to decline further to 3.3% in 2019. Although a 3.3% global expansion is still reasonable, the outlook for many countries is very challenging, with considerable uncertainties in the short term, especially as advanced economy growth rates converge toward their modest, long-term potential.

**Indian economy:** Fiscal 2018-19 belied expectations. For a period which started with the promise of robust

economic growth (GDP growth in Q1 was 8%) ended on a sub-optimal note as India's GDP growth slid to 7% in 2018-19 against 7.2% in 2017-18 and considerably lower than the 7.4% estimate set out by Government agencies at the year-start.

This was primarily owing to the lackluster performance of the economy in the second half of the fiscal (Oct'18-Mar'18) – GDP growth under 7%. This was mainly due to the poor performance of farm, mining, and manufacturing sectors.

India's industrial production (IIP) growth slowed to a three-year low of 3.6% in the 2018-19 as against 4.4% in the previous fiscal.

Fiscal 2018-19 had its share of positives too.

- Improvement in the investment rate was the most positive development in 2018-19, increasing by 30 basis points to 28.9%.
- Continued improvement in fiscal discipline. As a result, despite government consumption increasing in relation to the GDP, the combined fiscal deficit of central and state governments is projected to reduce





**First in the world** - Stamped grid manufacturing line commissioned in the newly built motorcycle battery plant

by 60 basis points to 5.8% of GDP in 2018-19.

- Revenue from Goods and Services Tax (GST) witnessed 10% growth from the year-ago period at ₹1.13 trillion in April (for March 2019), the highest ever since its implementation. This is encouraging as it indicates that the tax base is increasing gradually with GST getting stabilised.
- India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 to the 77th rank.

However, there is a more significant concern. India could be heading towards an economic slowdown.

The Ministry of Finance in its Monthly Economic Report of March 2019 warned that India's economy appears to have slowed down slightly in 2018-19. The proximate factors responsible for this slowdown include declining growth of private consumption, a tepid increase in fixed investment, and muted exports.

Economy experts are also of the same opinion owing to a drop in several key economic indicators.

- Household savings have declined, these - not corporate demand - have

pulled down investments by 10 basis points from 2012 to 2018.

- Direct tax collections fell short by ₹50,000 crore on account of poor personal income tax collections, thereby failing to meet the revised target of ₹12 lakh crore for 2018-19
- IIP contracted by 0.1% in March 2019, the lowest in 21 months, mainly due to the manufacturing sector slow down.
- Sale of passenger vehicles in the domestic market declined by 2.96% on a year-on-year basis in March to 291,806 units
- Foreign Direct Investment (FDI) into India, which had increased over the past few years, contracted by 7% to \$33.49 billion during April-December in the current fiscal

**Going forward:** The International Monetary Fund (IMF) cut India's GDP growth forecast for 2019-20. They project growth to pick up to 7.3% in 2019 (2019-20) and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy.

Also, ADB and RBI have cut their 2019-20 growth projections for India to 7.2% from 7.4% earlier, owing to growing risks to the global economic growth as well as weakening domestic investment activity.

**India retains its position as the global shining star**

India continues to retain its position as the world's fastest-growing major economy, on the back of improved investor confidence and better policy reforms. The IMF's database also suggested that India's contribution to world growth has increased from 7.6% during 2000-2008 to 14.5% in 2018.

# The Battery Sector

The Indian lead-acid battery industry is ~₹300 bn (~US\$4.7 bn) in size and has been growing at a CAGR of 10-12%. In terms of application, it is equally split between the Automotive segment and the non-automotive segment. The industry is divided into three segments: (a) organised segment (₹180 bn market controlled by five manufacturers), (b) SME (₹80 bn-100 bn), and (c) SSI (₹25 bn). Given the high share of replacement demand for segments like automotive, home inverter, UPS, traction, etc, the share of unorganised/semi-organised players is high at ~30% of the total demand.

The share of the unorganised segment in the replacement market has been gradually declining but is still 30-40%. Organised players dominate the PV and 2W segments, with a 70-80% share. The share of unorganised/small organised players in the CV, tractors, and home

inverter segments is higher at 50-60%. While there is little material change in compliance by the unorganised sector post-GST implementation, the cost of doing business is expected to increase for non-compliant players gradually as the focus of the government shifts towards higher compliance.

To counter the unorganised segment, the organised players are increasingly promoting entry-level brands at competitive pricing and shorter warranty period and are expanding distribution network in the semi-urban and rural markets. This should facilitate in increasing their share in the overall battery market.

## Themes which are expected to play out going forward

- The battery industry is evolving, led by cyclical slowdown in the auto battery segment as well as competitive pressures in the industrial battery segment.
- The automotive replacement battery segment will continue to offer a secular and profitable growth opportunity, driven by (a) increasing

## Exhibit 20: Stage-wise opportunity from battery manufacturing to meet India's EV ambition

Stage	Cum. battery requirements (GWh)	Total market size (INR T)	Imports	Domestic manufacturing
1	120	1.3-1.4	Complete Cells	Battery packs
2	970	6.1-8.9	Some Cells, cathodes	Battery packs + Limited cell production
3	2,410	11.7-17.1	Cathodes	End-to-end battery manufacturing

Source: NITI Aayog

penetration of automobiles driving expansion in automobile population, and (b) GST-led consolidation c) New segment like E-Rickshaws

- GST and new segments would drive consolidation in the replacement market of automotive and inverter batteries, leading to a strong growth of 12-15% for the organised players.
- New segments in industrial batteries – motive power, and solar applications – would drive growth, as conventional drivers of this segment stabilise.
- Electric vehicles (EVs) are unlikely to displace lead-acid batteries (LAB), as these are still preferred for SLI (starter, lighting, and ignition) applications.


### Lithium-ion batteries – a sunrise space

Assuming we attain the 2030 electrification targets set by NITI Aayog (40% of all private vehicle sales to be EV, 100% of all intra-city public vehicles to be EV), Li-ion batteries would be a ~US\$ 42 bn opportunity (9x the automotive LAB opportunity). Based on this, the opportunity for cell manufacturing would be ~US\$15 bn.

Li-ion batteries would be the single most expensive component of EV, with the contribution pegged at 30-40% of the cost of the EV. Hence, the highest priority for automotive OEMs would be to localise battery sourcing to reduce the cost of batteries as well as lower forex exposure.

India is not only late to enter Li-ion battery manufacturing, but it would also face several challenges in the form of a) No/low reserves for key minerals like lithium & cobalt, b) limited tech know-how for the Li-ion batteries, c) uncertainty of technology and no clarity on policies. The NITI Aayog has laid out a roadmap for the development of India's battery manufacturing industry, with three stages for progressively capturing larger economic value at each stage.

NITI Aayog estimates that India would require a minimum of 20 gigafactory-scale battery manufacturing plants, collectively producing approximately 800 GWh of batteries per year by 2030 to support 100% EV sales across all types of PVs.



**Lithium-ion batteries and Lead Acid batteries to co-exist**

Contrary to general perceptions, electric cars have a 12v lead-acid battery (LAB) as an auxiliary battery for SLI (starter, lighting, and ignition) applications. Going forward, the LAB will continue to be relevant even in the EV world.

# Business Operations



Amara Raja Batteries Limited is the technology leader and one of the largest manufacturers of lead-acid batteries for both industrial and automotive applications in the Indian storage battery industry.

The Company is a leading manufacturer of automotive batteries and home UPS/ Inverter batteries under the brands **Amaron®** and **PowerZone™**, which are distributed through pan-India sales & service retail network.

**Amara Raja supplies automotive batteries under OE relationships to Ford India, Honda, Hyundai, Mahindra & Mahindra, Maruti Suzuki, Ashok Leyland, Tata Motors, Honda Motorcycles & Scooters India Private Ltd, Royal Enfield, Bajaj Auto Ltd among others.** The

Company is also the leading private label supplier for prominent brands.

In India, Amara Raja is the preferred supplier to major telecom service providers, telecom equipment manufacturers, the UPS sector (OEM & Replacement), **Indian Railways and to the Power, Oil & Gas**, Motive among other industry segments. **Amara Raja's Industrial Battery Division comprises of brands such as PowerStack®, Amaron Volt®, Amaron Sleek®, Amaron Brute™, and Amaron Quanta®.**

The Company's products are exported to most of the countries in the Indian Ocean Rim.



### The Amara Raja Group

Founded by Dr. Ramachandra N Galla, The Amara Raja Group is one of the fastest growing conglomerates in India with revenue exceeding US\$ 1 bn through highly engaged customers across the globe. The Group is anchored by a workforce of 15,000+ people working for six companies encompassing 14 businesses.

# Automotive Battery Division



## Overview

Our Company is one of the leading suppliers of batteries for automotive applications (four-wheeler and two-wheeler) to OEs and the aftermarket segments.

- Batteries are manufactured at its manufacturing facility at Tirupati & Chittoor
- The manufacturing facility is ISO/ IATF-16949, ISO-14001, OHSAS-18001 and EnMS-50001 certified
- Product basket comprises of around 1250 SKUs
- Products are marketed under the Amaron® and Powerzone™ brands
- The multi-layered distribution network comprises of 30000+ Amaron and PowerZone retailers, facilitating a pan-India reach.

## Business in 2018-19

Despite the lackluster environment prevailing in the automotive sector – primarily passenger vehicle and 2-wheelers – the Company registered healthy growth in battery sales in the OEM and aftermarket segments. This was primarily owing to the focused efforts of its teams in delivering quality products, and nurturing business relations through efficient services.

In the OEM segment, the Company is present with almost all the OEMs operating in India in the passenger vehicle and 2-wheeler space, barring a few. Among the passenger vehicle OEMs, the Company continued to get its products approved for the new platforms being launched by them in the Indian markets. Besides, efficient service enabled the Company to strengthen its market share with the OEMs. However, the Company did not add any new accounts in the 2-wheeler OEMs, though development is progressing with few of them.



**The Finishing Touch**  
 - An operator packs the PowerZone™ tubular inverter battery manufactured in our state-of-the-art battery plant

In the aftermarket space, the Company maintained its double-digit growth and continued to sustain its dominance by adding new products for unserved applications to fill in the gaps in its offering. In the automotive segment (Amaron brand), the Company continued to strengthen its presence in West and East India, which provided healthy volumes. In the PowerZone category, which has a strong presence in the rural market across India, the Company worked on creating a healthy footprint in urban consuming centers.

During the year, the Company commissioned a pilot facility for assembling Lithium-ion packs for delivering these packs to the 2 & 3-wheelers and e-rickshaws. This investment is expected to generate healthy numbers going forward.

The tubular batteries for Home UPS applications also registered healthy numbers from the aftermarket despite the prevailing slowdown in the home UPS inverter segment (owing to the

increasing availability of power in India).

The new designs and new technology (wet filling process) which is being used for the first time in India facilitated consistent performance and hence strengthened reliability on the product.

The team worked aggressively in increasing production and improving shop floor productivity across all operating units leveraging global concepts namely TPM, Lean Six Sigma, 5S, Quality Circle projects, Suggestion Scheme and Energy Management Projects. The outcome of these initiatives was heartening – scrap generation declined, energy consumption reduced, and productivity improved.

In the automotive battery segment, the team achieved an average production of 1 Mn (equ) batteries per line – the first time in the Company's history. The Company also added two more lines for augmenting the production of automotive batteries. These technologically superior lines promise superior product quality and higher productivity.

In the 2-wheeler battery plant, the team focused on improving man-machine

productivity by deploying automation solutions. The team altered the layout of its facility to absorb cutting-edge automation solutions which helped in optimising workforce requirements.

In addition, the Company initiated a small project for Digital Manufacturing leveraging the concept of the Internet of Things (IoT).

In the tubular facility, the team worked on increasing capacity from 1.1 Mn units to 1.5 Mn units. The team invested substantial man-hours in developing batteries for solar and e-rickshaw applications.

The ABD 1 and SBD 1 units featured among the three facilities of Amara Raja selected for the 5S Model Award.

## Sectoral performance and prospects

### 1) The automotive sector

Overall production in the country's US\$70 billion auto industry has decelerated from the historical average. According to the data released by the Society of Indian Automobile Manufacturers (SIAM), the automobile industry produced a total of 3.09 crore vehicles from April to March 2019 as against 2.9 crore in the corresponding period of the previous year, marking a growth of 6.26%.



**Woman Power** - A trained woman operator handles "ready-to-ship" Li-ion battery packs developed by our in-house design team

contributed to the slowdown in demand from urban areas.

Experts suggest that sales should rebound shortly.

The recovery, however, will be contingent upon factors such as normal monsoon and improvement in credit availability.

**Going forward:** Considering the continued pressure on sales and prevailing market uncertainty, the industry lobby group has projected a modest 3-5% rise in passenger vehicle sales in 2019-20.

The passenger vehicle (PV) market in India is likely to reach a sales figure of about 5 million units in FY 2023 from 3.3 million units in FY19 at a CAGR of 7.7%, according to an ASSOCHAM-Roland Berger report.

Stronger preference for SUVs (sports utility vehicles) and crossover models is expected to continue in the future as well leading to a CAGR of 12% in 2018-23.

The report, also noted the significant growth potential in terms of penetration of four-wheel vehicles in India, which is much lower when compared to global economies such as the US and China.

**Replacement market:** Automotive replacement battery segment offers all round and profitable growth opportunity. This segment enjoys the highest profitability in the battery industry due to a) B2C nature of the business, b) high

However, the Central Government is working on improving consumer sentiment through a host of measures. These efforts should help in boosting demand over the coming years.

So

## 2) Passenger vehicles

India's passenger vehicle industry reported its worst performance in five years in 2018-19 as higher fuel prices, an increase in insurance costs, a lack of financing options and farm distress crimped demand.

According to the data issued by The Society of Indian Automobile Manufacturers (SIAM) sale of cars, sport utility vehicles and minivans grew 2.7% in the year ended 31 March to more than 3.37 million vehicles.

Demand for vehicles has been better in rural compared to urban markets. Shared mobility cab services have also

why is demand this tepid? Buyers are not confident of what lies ahead. Hence they have throttled spending. That's particularly the case among younger people, as well as those in rural and smaller urban areas.

Also with the industry about to graduate to the BS-IV emission (from 1 April 2020) and adopt other mandatory safety regulations, vehicle cost should increase. SIAM has appealed to the Government to cut GST on cars and two-wheelers from 28% to 18% to ease this additional pricing pressure on the automobile industry.





**The Future of Energy Storage** – The Lithium Experience Zone built to incubate new and advanced energy storage technologies

pricing power with a diffused customer base, c) Demand for higher quality and performance. New vehicle volume grew at a CAGR of 9.7% over FY08-17.

This augurs well for demand in the replacement market, which is driven by factors such as the number of vehicles in use, average battery life, and the average age of vehicles. An automobile battery's life of 3-3.5 years translates into linear replacement demand from the existing vehicle population. Credible estimates suggest that the auto replacement market could grow at ~7-9% CAGR over FY17-22E; the market share of the unorganised players is expected to dip significantly over the same period due to various factors.

### 3) Two-Wheelers

Fiscal 2018-19 was relatively slow for the 2-wheeler segment as sales registered a growth of only 4.9% over the previous fiscal. This was mainly owing to the significant deceleration in the last quarter of 2018-19 when domestic sales de-grew by about 10.7% against the same period in the previous year.

The slowdown in sales was pronounced in the second half of the fiscal for important reasons:

- Higher insurance costs pushed up two-wheeler prices by 7-10%
- Fuel price increases
- Lack of liquidity due to the debacle in non-banking financial companies (NBFCs)

### Sales in 2018-19

Segment	2017-18	2018-19	Growth (%)
Passenger vehicles	3,288,581	3,377,436	2.7
Commercial vehicles	856,916	1,007,319	17.6
Three wheelers	635,698	701,011	10.3
Two-wheelers	20,200,117	21,181,390	4.9
Total (incl. all categories)	24,981,312	26,267,783	5.1

Source: SIAM

**There is a price tag to all enhancements**

Automobiles, cars and two-wheelers alike, are expected to cost 5-10% more from 1 April 2020, when Bharat Stage VI (BS-IV) emission norms and new safety regulations are expected to kick in.

**Going forward:** With the general elections over and the Government taking important steps to improve liquidity in the system, demand is expected to improve from the second half of 2019-20. From a medium-term perspective, even if demand picks up following positive triggers such as a good monsoon and the festival season, other challenges exist. The mandatory anti-lock braking system (ABS) and a combi-brake system (CBS) will lead to further price increases. The industry also has to face new BS-IV emission norms, effective April 2020. This will again see the need for clearing inventory of BS-IV vehicles.

#### 4) E-mobility

The cabinet's approval for the

second phase of the Faster Adoption and Manufacturing of Electric Vehicles (FAME II) scheme signalled the Government of India's positive intent to invest in a future of green mobility. While the focus in FAME II is still very much on subsidies for the purchase of electric vehicles (EVs), the inclusion of charging infrastructure into the framework of incentives is likely to provide impetus to the establishment of public charging facilities across the country. This will see the emergence of charging stations not only in Tier 1 cities but also in Tier 2 cities and highways across the country. In the process, it is expected to address one of the most pressing concerns for consumers – the dearth of charging infrastructure in the country.

#### 5) E-rickshaws

Despite making an entry in India only a few years ago, with imports from China, electric three-wheelers have been gaining

significant traction in tier-2 cities as a replacement of cycle rickshaw used for last mile connectivity. E-rickshaw benefits from a) no permit requirement (unlike auto rickshaw), b) subsidies from the state government due to zero tail-pipe emissions, and c) low operating cost.

E-rickshaw is an inspiring opportunity for Lead Acid Battery (LAB) players as one e-rickshaw has a pack of 4 large lead-acid batteries. LAB is used for traction in e-rickshaws with a driving range of up to 80 km per charge. This results in a very high drain, resulting in a short life of 6-9 months. With the life of e-rickshaw at ~2 years, it has three replacement cycles. Regional and unorganised players currently dominate this segment. However, with organised players getting into manufacturing e-rickshaws in a big way, the battery segment is also expected to shift from the unorganised segment to the organised players at an accelerated pace.

*Stacked to conquer – Neatly stacked stamped grid coils are made in the most environmentally friendly manufacturing facilities*



## Blueprint for 2019-20

In the automotive battery segment, the Company will continue to strengthen its presence – among OEMs and in the aftermarket – by enhancing its product performance. In the OEM segment, the Company expects to add new platforms which should generate healthy volumes going forward. In addition, the focus will remain on sustaining market share on each platform and OEM, even as the competitive intensity increases.

In the 2-wheeler segment, the Company is working passionately on adding new OEM clients to its list and is hopeful of achieving important breakthroughs in the current year. This will not only increase volumes from the OEMs but will also strengthen its presence in the aftermarket. To meet this increase,

the Company has drawn a blueprint to add three lines to its manufacturing infrastructure, adding 5.1 Mn units to its overall capacity.

The Company will continue to grow its presence in the e-mobility space. Having experienced success in 2018-19, the Company will expand its product range to deliver lithium-ion packs to the 2-wheeler and 3-Wheeler segments. Having established the capacity in 2018-19, the Company will enhance the manufacturing capacity further to meet the growing demand.

## Fame II Incentives for India

OEMs and Tier 1 Suppliers excited about Phase 2 of FAME incentives; opportunities for the development of an e-Mobility ecosystem to spur a healthy growth and uptake of electric vehicles in India

Faster Adoption & Manufacturing of Electric Vehicles In India - Incentives 2019 - 2025		
<b>Market Participation</b> <ul style="list-style-type: none"> <li>OEMs</li> <li>Tier 1 Suppliers &amp; Component</li> <li>Manufacturers</li> <li>Battery Manufacturers</li> <li>Energy &amp; Utilities</li> <li>Insurance Providers</li> </ul>	<b>E-mobility Ecosystem Development</b> <ul style="list-style-type: none"> <li>Charging infrastructure</li> <li>Batteries</li> <li>Last mile connectivity</li> </ul>	<b>Impact on Sales CAGR</b> <b>15%</b> (2019-2025)
<b>Range of Subsidy/ Incentive</b> <ul style="list-style-type: none"> <li>Up to ₹ 40,000 (Motorcycle)</li> <li>Up to ₹ 60,00,000 (Bus)</li> <li>Up to ₹ 2,50,000 (Car)</li> </ul>	<b>Vehicle volumes Coverage under Fame II</b> <ul style="list-style-type: none"> <li>10,00,000 (Motorcycle)</li> <li>55,000 (Car)</li> <li>5,00,000 (3-Wheeler)</li> <li>7,000 (Bus)</li> </ul>	<b>Total Financial Outlay</b> <b>₹ 10,000 Crore</b> (2019-2025)

Source: Frost & Sullivan Analysis

# Industrial Battery Division



## Overview

The industrial battery division manufactures battery for telecom, UPS, railways, solar, and power utility sectors.

- Batteries are manufactured at its ISO 9001, ISO 14001 and BS OHSAS 18001 accredited facilities at Tirupati and Chittoor
- Primarily operates on a B-2-B marketing model
- Has an expansive product portfolio comprising batteries with capacities ranging from 7 Ah to 6,000 Ah (segregated into Large VRLA batteries and Medium VRLA batteries)
- More than 100 AQuA channel partners facilitate the reach for UPS batteries across the country

## Business in 2018-19

After a subdued performance in 2017-18 (primarily due to the sharp decline in volumes from the telecom sector), the Company registered healthy growth in 2018-19 with a volume and value increase in all product verticals. In the telecom battery space, while the market recorded a sharp fall in volumes, the Company, through aggressive marketing and customer relation management, was able to maintain sales volume of telecom batteries at the previous year levels. In doing so, its market share in the telecom space improved from a year earlier.

The UPS batteries registered a healthy growth as the High Wattage Series launched in 2017 gained traction from key user sectors, namely IT, Manufacturing and Data Centers.

Besides, the tubular batteries also launched in 2017 for rural applications, generated healthy business volumes as the product received approval from the



**Crafted with Care** – An woman operator carefully processing the Quanta batteries on the finishing line

banking sector and Government agencies. The product development team continued to fill in product gaps in the offering, which are expected to add to the volumes in the coming years.

In 2018-19, the Company's performance in the Motive Power segment was constrained due to supply issues, which were sorted out towards the close of the year. The Company should generate healthy volumes from this new revenue vertical in the current year.

Amara Raja secured the prestigious contract of setting up one of the world's largest lead-acid energy storage systems in Africa. Work on the project continued at a healthy pace and is expected to be completed in 2019.

The Company established its first global presence – it opened its office in the free-trade zone in Sharjah. This international presence would enable the Company to tap opportunities in Africa and Middle East countries aggressively.

The Company focused on improving the utilisation of its manufacturing infrastructure. As the first step in this direction, the team is working on various options to utilise its large VRLA capacity, which currently manufactures only telecom and Railway batteries.

For medium VRLA batteries, the team deployed automation solutions in formation and finishing lines which will help improve productivity and result in gains in capacity throughput.

The team sustained its efforts towards energy efficiency, productivity improvement, and wastage reduction leveraging global concepts, namely TPM, Lean Six Sigma, 5S, Quality Circle projects, Suggestion Scheme and Energy Management Projects

The MVRLA plant was one of the three plants of Amara Raja selected for the 5S Model Award.

### **Sectoral performance and prospects**

Telecom and UPS are the most significant sub-segments in the industrial battery segment.

#### **1) The telecom sector**

The telecom tower battery segment witnessed several challenges in the last 18-24 months, which impacted not only segment growth but also pricing and competitive positioning.

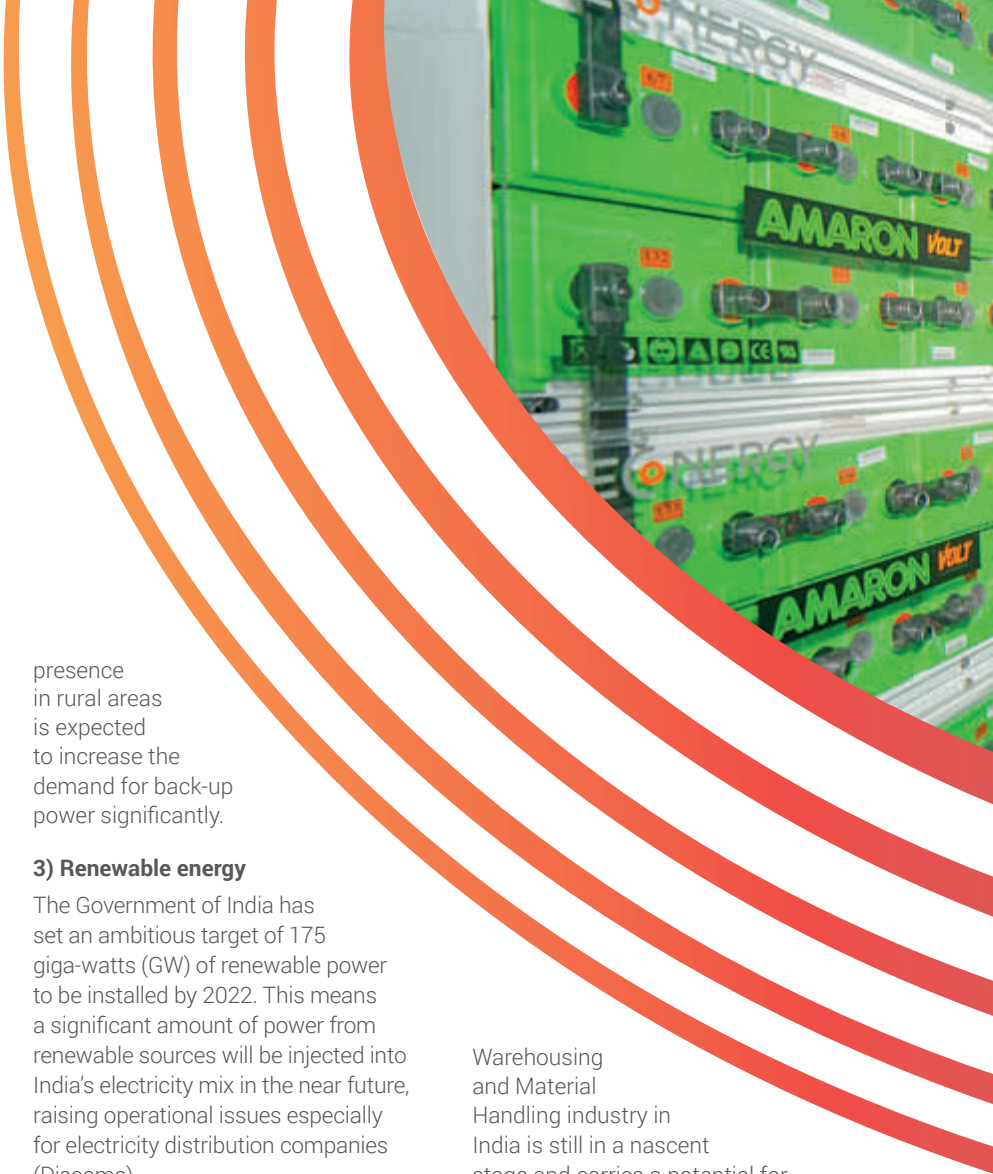
Since the launch of RJio, the telecom industry witnessed consolidation among service providers and tower companies. The competitive pricing in the sector drove a downward spiral in ARPU, leading to a continuous decline in revenue and cash flows for the incumbents. Further, the IUC cut had only amplified the impact. As a result, the pace of setting up new towers significantly slowed down in recent times.

However, due to the expansion of internet-enabled services and exponential growth in data usage, the need for last mile connectivity and coverage needs are ever increasing. This would boost the demand for many small cell sites, growing the demand for batteries.

#### **2) UPS application**

UPS is the third-largest segment in industrial battery applications globally.

Growth in the UPS segment is driven by IT hardware business growth



(primarily servers), e-commerce, power backup, New opportunities such as smartphones, social networking platforms, cloud applications, and smart city projects have resulted in increased usage of data and the need for data centers.

According to the “Data Center Market in India - Industry Outlook and Forecast 2019-2024” report, the India data center market is expected to reach values of approximately US\$4 bn by 2024, growing at CAGR of around 9% during 2018-2024.

According to a report by real estate consulting firm CBRE South Asia Pvt. Ltd. a growing economy, a rapidly expanding consumer base, increasing domestic and international demand from corporates, presence of skilled workforce and infrastructural development are some factors responsible for promoting India as a potential data center hub. The growing reliance on internet services and advanced technologies for data management have provided further impetus for high-quality data centers.

Further, India remains focused on extending banking facilities to rural areas to facilitate financial inclusion. The Government launched India Post Payments Bank (IPPB) with 650 branches and 3250 access points, intending to reach out to rural areas of India with digital banking facilities. This initiative will supplement the Jan Dhan Yojna launched in 2014. The number of rural branches in India right now is 49,000, which is expected to grow to over 1.75 lakhs. The growing banking

presence in rural areas is expected to increase the demand for back-up power significantly.

### 3) Renewable energy

The Government of India has set an ambitious target of 175 giga-watts (GW) of renewable power to be installed by 2022. This means a significant amount of power from renewable sources will be injected into India’s electricity mix in the near future, raising operational issues especially for electricity distribution companies (Discoms).

While the cost of renewables has fallen significantly in the past few years, a major issue with renewables such as solar and wind energy is their intermittency in nature. This lacuna is sought to be resolved by developing Battery Energy Storage Systems.

### 4) Motive power

Motive power batteries provide power for imparting motion to machinery. The battery usage in motive power is miniscule in India compared to the global average. Motive power accounted for ~34% of the global industrial battery market in 2016 as against ~4% in India.

Although India accounts for ~37% of Asia’s reserve power market, its share in the motive power market is still nascent at ~3.5%, indicating significant opportunity going forward.

Warehousing and Material Handling industry in India is still in a nascent stage and carries a potential for exponential growth. With GST in place, uniformity in taxes would curtail the need to build multiple warehouses in different states, in turn leading to the consolidation of warehouses. This will boost the demand for forklifts, pallet trucks, stackers, order pickers, reach trucks, etc.

### Blueprint for 2019-20

One of the key focus areas for the Company would be to establish a strong presence in the motive power space owing to the thrust on warehousing consequent to India becoming a single marketplace (post the launch of GST).

Besides, the Company will continue to invest its energies in strengthening its position in other sectors where it enjoys an established presence



Inside view of  
Amara Raja's Energy Storage  
System

- The Company has developed a Lithium-ion battery for telecom application, which is expected to be commercialised in 2019. This should help in augmenting additional volumes from this sector.
- For the UPS application, the Company developed a lithium-ion solution for single phase systems. The Company expects to receive approvals for this product in 2019 and ramping up volumes in the subsequent year.

For establishing a stronger presence in the renewable energy space, the Company is working on developing energy storage solutions which would, over a period of time, make it a preferred partner in for companies in the renewable energy space.

Having been successful in securing one large contract in Africa, the Company will intensify its lookout for growth opportunities in energy storage applications in the global markets.

Considering the growing demand for its medium VRLA batteries, the Company plans to add one more assembly line in the current year taking the total capacity to 1.4 BnAH. Also, it plans to add one more line in the formation and finishing areas, which should help debottleneck the operations.

Further, the Company plans to invest in a new poly container line for manufacturing a new range of batteries for meeting the requirement of the South East Asian and other global markets.



### RJio – walking the road less travelled

While telecom towers in India have been primarily using DG sets and lead-acid batteries, Reliance Jio opted for lithium-ion batteries. Sector experts indicate that ~95% of Reliance Jio's owned towers operate on lithium-powered batteries, which are sourced primarily from China.

# Intellectual Capital



## Overview

People, the only force who can make dreams happen to continue to be at the core of Amara Raja's transformative journey. Our people power that fuels the inspiration to go beyond the boundaries within the mind, to open doors and drive performance that not only contributes to industry growth but also catalyses it.

Our people believe in and practice our philosophy - '**Gotta be a better way**' which inspires to go past limits and strive that much harder each day. The culmination of the patient and painstaking efforts of the 9600+ Amara Raja family has positioned the organisation as a 'Preferred Place to Work.'

Amara Raja continues to invest in its people – building their capability, sharpening their expertise and nurturing the spirit of leadership, which makes Amara Raja a learning and delivering institution and facilitates in sustaining its industry outperformance.

## The Amara Raja Way®

In 2018-19 Amara Raja continued its journey of institutionalising 'The Amara Raja Way®'. The Company conducted training sessions and participative workshops through "Large Scale Interactive Programs" to engrain this philosophy deeper into its team. These programs covered about 3800 people in 2018-19.

## People strategy

The organisation believes in remaining contemporary and focusing relentlessly on achieving results through people. The organisation has a comprehensive Talent Management Model that enables the organisation to initiate and institutionalise innovative programs in line with the People Strategy of the organisation. As part of the talent management model, the team steered various initiatives during the year aligned to the Company's business strategy.





Contribution of Indian Industry

International HR Excellence  
Award Confluence 2018-19  
THE WINNERS



*Mr. B Jaikrishna,  
President – HR and  
his team receiving the  
'PRIZE' award from Mr.  
Adi Godrej, Chairman,  
Godrej Group at CII HR  
Excellence Award Confluence*

### Amara Raja Switching Lanes Program

Amara Raja's "Switching Lanes Program (SLP)," which provides a platform for a talent to choose between a swift track or a standard track career growth has progressed well during the year. The program has been designed and implemented in a manner that provides fast track career growth opportunities to all.

In 2018-19, in partnership with a leading strategic consulting organisation, the program was rolled out for Junior and Middle management levels. It has been planned to expand the coverage of this program in the coming year.

The fast-track aspirants went through qualifying tests that decided the choice between the fast track or the 'Right Lane.' These participants took up specific objectives in addition to their regular goals. At the end of the annual process, successful participants got promoted to the next levels of higher responsibility.

### Amara Raja's Employee Value Proposition (EVP)

From its own practices, systems, and policies, Amara Raja crystallised and developed an Employee Value Proposition to inspire its existing and prospective team members. During the previous year, this proposition was communicated extensively to all, through websites, portals, and social media.

### Amara Raja Employee Value Proposition –

"Welcome!

**Let's be part of a visionary organisation with a great purpose, values, and culture; with endless opportunities for learning, growing, collaborating, leading and transforming."**

### AR Speak Experiences Survey

Like every year the Survey was conducted to understand the 'Experiences' Score and Engagement Levels of people by measuring the perception on various aspects of the functioning of the organisation. 25% of the total employees, participated in the 2018 pulse survey conducted across all locations and grades. The results of the survey showcased a steady increase in employee engagement scores.

### Artificial Intelligence based Continuous Feedback System

Continuous feedback is an effective tool/



**World Class Infrastructure**  
– Most advanced assembly lines with fully integrated automated process controls and environmental control measures

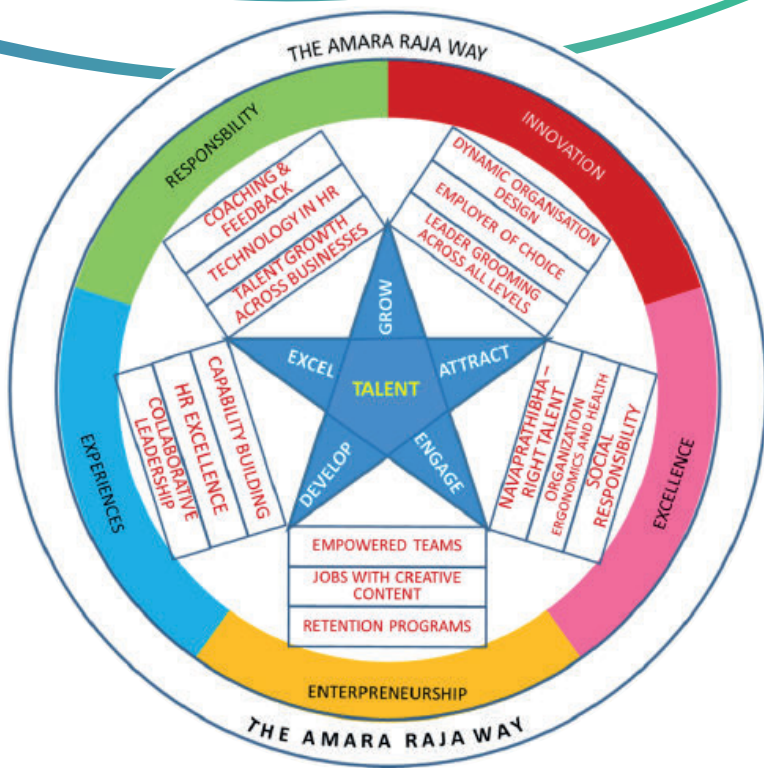
method for enabling performance. This helps in proactively supporting the team to achieve the objectives. Continuous feedback allows open communication, addresses issues quickly, make the organisation more agile and adaptable. Further, people remain more engaged and productive when performance is an ongoing conversation.

To cater to these needs, in collaboration with Emtropy, an Artificial Intelligence Company based in the US, the organisation has implemented a tool for providing continuous feedback to each other through an online system. The tool is Artificial intelligence (AI) based software, which analyses & compiles the feedback received through machine learning and provides continuous feedback and analysis to the recipients. The team has initiated a pilot project. After studying its effectiveness, it would be rolled out across the organisation.

## **WE@AR**

This is in line with the digital enterprise transformation journey that we embarked across the organisation through our IDEA Project – our Digital transformation journey for Amara Raja. The IDEA project started with SAP S4 HANA implementation, which is progressing well. As we progress on that major project, we also embarked on the project of infusing technology into HR Systems and processes in collaboration with a reputed organisation in this domain 'PeopleStrong.' This project has been named 'We@AR' denoting 'We the people at Amara Raja' who are connected all the time through automation, facilitating continuous interaction. This will be another step to help us to live up to our Employee Value proposition.

We@AR comes with a host of automated HR processes that will improve Efficiency, Effectiveness leading



9,670

Team size

29

Average age of the team

207,169

Training in 2018-19 (man days)

70.73

Revenue per person in 2018-19 (₹ lakh)

5.0

Net Profit per person in 2018-19 (₹ lakh)

to Excellence. These automation solutions are planned to be rolled out in 3 phases, starting early 2019-20

### Navaprathibha Sukalpa

The team launched the Navaprathibha Sukakpa program in its endeavor to build a robust talent pipeline for middle management positions in line with the aggressive growth plans. Through this program, the team recruited talent from the campus of Premier Management and Engineering institutions, for specific positions. These talents will go through an accelerated training program and will be groomed to take up various specialist and general managerial roles in the future.

### CII HR Excellence

The Company received the most prestigious "The Prize" in the 9<sup>th</sup> CII National HR Excellence Award 2018. This is one of the highest levels of recognition in the award process. The "Prize" award level signifies

demonstration of Excellence in the development and management of Human Resources through continuous improvement. This is the third time the Company has participated in the Award process, and every time we have surpassed the previous years' award level to reach the apex this year at the confluence.

This we believe, is a reinforcement of our Culture 'The Amara Raja Way,' the values and high standards that Amara Raja stands for. The constructive rigor of the assessment process helped us critically examine and evaluate our HR Practices and benchmark with best in the corporate world. This enabled us to align and leverage the potential of people and people practices to achieve our business objectives.



The Company received the most prestigious "The Prize" in the 9<sup>th</sup> CII National HR Excellence Award 2018. Mr. Adi Godrej, Chairman, Godrej Group, and Past President CII presented the award, at the CII National HR Excellence Award Confluence held at Taj Palace Hotel, Mumbai on 13<sup>th</sup> March 2019. This recognition is one of the highest in the award process.

# Supply Chain Management



At Amara Raja, the supply chain is one of its most complex business functions. For it involves, procurement, logistics, and multi-location inventory management – each segment being extremely challenging owing to product and customer diversity.

## Domestic logistics

This is one of the most complicated and challenging areas for it involves reaching more than 375+ SKUs (Industrial and Automotive SKUs) to the multi-layered distribution channel that caters to the demand mushrooming across the Indian landmass. It also requires reaching products to OEM factories just-in-time for assembly, which is a 'no-compromise' commitment. This necessitates multi-modal logistic solutions that need to be applied intelligently to ensure on-time delivery and optimising logistics costs.

Over the years, the SCM team has earned the respect of OEMs, corporates and its dealers for its ability to make its products available at the required place and time – consistently!

Disciplined management and painstaking efforts of the team ensures that the right product at delivery at the right place and time across more than 360 destinations in India. This delivery management also includes the demanding requirements of 22 OEMs with distances ranging between 60 km and 3,500 km.

Since the majority of the product movement is through surface transport, the Company has set high standards in this regard

- Works directly with established and respected fleet owners.
- Maintained disciplined adherence of quality of trucks used by service providers
- Maintains monthly rental contracts with logistics partners for product dispatches to select OEM customer
- Institutionalised an appraisal system for all transporters, with rewards for superior performance

## Key initiatives in 2018-19

- Reorganised the hinterland and



The team simplified and fool-proofed the bill processing system aligned to the GST regulations for seamless invoice processing and timely vendor payment. This also enabled the team to insist on its vendors to improve their service quality.

### EXIM

Increasing focus on expanding its horizon beyond the domestic boundaries necessitated the creation of a dedicated team to manage sea & air -based logistics. The EXIM team focused on reaching its products across its global footprint across 40+ nations. The team handled 8,500+ containers for inbound/outbound shipments per annum.

In 2018-19, the team implemented the decisive move of working directly with freight forwards and shipping lines resulting in cost-effective international logistics for imported raw materials and finished goods. The team's ability in maintaining nurture healthy relations with global liners helped in optimising sea freight even when global sea freight rates witnessed a hike of 8-10%.

On account of high and growing export volume, the Company obtained maximum MEIS export incentive as STAR EXPORT STATUS.

### Procurement

Amara Raja's procurement Vision has always been to value add and supporting the achievement of the Organisational goals through the delivery of sustainable and quality procurement practices.

The Company, over the years, has built very robust and large databases of the markets and the supplier bases and is well positioned to generate efficiencies

and cost savings to its stakeholders.

By continuously focusing on engaging with our vendors through building long term relationships and through effective contract management, the Company has strengthened its material sourcing capabilities.

The Company has widened its supplier base for sourcing lead, separators and other materials both on domestic and international fronts.

The Company has always been at the forefront of safe lead recycling practices. During the year, the Company implemented some definitive steps for improving its battery collection. They include:

- Positioned our franchisees into our progressive partners
- Initiated reverse logistics for carrying scrap batteries from our franchisees' establishments
- Opened our distribution centers (30 pan-India) for collecting scrap batteries sent by the franchisees
- Increased participation in auctions for purchasing the recycled lead.

These initiatives helped in strengthening battery collection. This helped in increasing the proportion of recycled lead in our overall lead consumption.

**Launch of GST has helped reduce the time to reach destinations by about 50-60%.**

accurately

linked franchises with proximate warehouses to facilitate faster product delivery while reducing logistics cost

- Mandated the fitment of GPS technology in all road transport vehicles; it aided in tracking truck movement between the plant and the distribution centers
- Institutionalised SOPs for truck loading and unloading which facilitated in reducing loading time & documentation lead time; also improved the loading factor which optimised logistics cost (primary and secondary)
- Deployed the hub-and-spoke model of inventory movement more scientifically to reduce transfers between franchisees and between warehouses; it also optimised inventory aging
- Leveraged multi-modal transport system (rail and sea) selectively to optimise costs without compromising on delivery schedules

### Group distribution

Distribution logistics pertains to secondary distribution – from the warehouse to the end-user/dealer. The team services more than 1,600 customers all over India through Thirty Distribution centers and Ten OEM - 3PL with an average of 35,000 invoices per month.



# Quality Management

Quality, at Amara Raja, is a no-compromise ethic which has, over the years, positioned the Company as a dominant player in the Indian storage battery space. The unwavering focus of the team on upping its quality commitment is enshrined in the corporate tag line 'Gotta be a Better Way' – a culture which drives every team member to transform every transaction with Amara Raja into a heart-warming experience.

Quality at Amara Raja, is not the responsibility of a designated team, but an organisation-wide passion which is focused on getting better each day institutionalising globally-acclaimed operational tools and techniques (Continuous Improvement (CI), Lean Implementation programmes – TPM, Visual Management & 5S, Industrial Engineering (IE) studies, Lean Six Sigma and Quality Circle concepts.

The Quality Circle concepts continues to invigorate and energise the shopfloor teams to make improvements in processes for optimising costs, improving people safety and operational productivity. The Six Sigma tool is primarily used by the middle management team to minimise process variations and ensure consistence

performance of the product. These disciplined and dedicated use of these tools over decades have yielded the Company rich returns – while product and people performance has surged, the Company has also received a number of awards at the national and international level.

## Key initiatives in 2018-19

The Company continued its focus in upping its quality commitment by implementing a number of initiatives.

- Initiated process development through COPIS (Customer->Output->Process->Input->Supplier) methodology to transform processes by customer centric approach.
- Initiated World Quality Month celebrations across all manufacturing sites & remote locations.
- Engaged senior level management in audit management to improve the efficiency & effectiveness of all processes.
- Initiated business excellence champion program to institutionalise the Lean culture.
- Initiated Headcount Optimisation & Productivity Enhancement (HOPE) program for effective utilisation of resources
- Established CI Robust Tracking System for effective tracking, monitoring, and execution of projects on time and monitoring the savings.
- Initiated Operational excellence in Operation and Maintenance Expert (OME) Telecom Towers by best practices. (Visual work place management (5S), enhancing the people problem solving capabilities and improving safety standards by implementing best in class safety standards there by improving the efficiency of OME Towers.)
- Implemented QM pillar as per JIPM guidelines in ABD and SBD to enhance product quality, reduce internal rejections and minimise customer complaints.
- Invested in automatic data acquisition systems in various processes across plants which reduced manual interventions in inspections and optimised resource utilisation. This is a step toward the digital factory concept.
- Developed Poka Yoke's as a special drive across manufacturing plants to reduce internal rejections and avoid escaping defects to customers due to manual mistakes and machine mal functions.



Amara Raja team at ICQCC  
(International Convention of Quality  
Control Circles) 2018 competition  
held in Singapore

- Introduced the concept of AR certification for vendors who are unable to secure third party Quality management system certifications.

### 5S, Quality Circles & Lean Six Sigma

In 2018-19, 1001 quality circles successfully implemented 1,838 QC projects. To engrain, the Six Sigma methodology across the organisation, the Company trained 256 members as Black Belts and 859 members as Green Belts as on March 31, 2019 – this task force has provided rich insights into streamlining processes and improving consistency in product performance.

### Awards and recognition

#### 1) QC & SIX SIGMA

- Received 02 `GOLD` awards at the International convention on Quality Control Circles – ICQCC 2018, Singapore.
- Received highest level of awards for 19 teams in National Convention at Gwalior and 112 awards in Chapter convention at Tirupati on Quality Circles
- Received “Second Runner” award for Automotive Battery Division, Tirupati at the CII National Competition on Six Sigma at Bengaluru.

#### 2) 5S – Recognition

- Received Sustenance award by ABK AOTS, Tamilnadu center for

- LVRLA Battery Plant, Tirupati.
- Automotive Battery Division - II, Chittoor.
- Received Platinum award under Excellence category by ABK AOTS for
- Small Battery Division - II, Chittoor.

#### 3) Customer recognition

- Received the award for “Best Vendor Rating and System Audit” from Maruti Suzuki India Ltd.
- Received 4+ star rating from Hyundai Motors India Ltd
- Received Platinum level rating from Caterpillar for “Supplier Quality Excellence Process”
- Received the High Quality Performance rating from Bajaj Auto Limited in recognition for our excellence in the field of QC parameters (Excellence in Quality, Delivery, and relationship Building).
- Received the Gold Award in “Best Infra Equipment Supplier” category from Indus Tower Limited.
- Received the “Best in Quality Management” Award from Honda Motor Cycle and Scooters India Limited.

**1,001**

Quality circles

**1,838**

Quality circle projects

**1,974**

Six Sigma projects

**1,115**

Six Sigma Experts  
(Black and Green Belts)

**21**

Quality circle awards  
at national and  
international level



# Health, Safety and Environment (HSE)

In an operating environment that involves using natural resources and involves managing inputs and processes which pose health and safety hazards, creating an eco-system that is safe for people and lean on the environment becomes a necessary business imperative for ensuring sustainability.

At Amara Raja, Health Safety and Environment is not just a nice sounding practice but a critical factor that shapes the contours of every strategic decision within the Company.

From a business standpoint, HSE is an essential aspect of business strategy for we are partnering with global OEMs in multiple sectors. To sustain relations with them, our HSE commitment has to align with global standards.

The Company's unwavering focus on creating a safe operating eco-system is visible in its well-defined policies and operating practices – driven by the Amara Raja Way®.

In addition to implementing various projects for strengthening its HSE commitment, the Company conducts frequent training sessions (theory, workshops, and on-job) for engraining the HSE policies and practices among its entire team.

## Safety

Employee safety is given a high priority at every Amara Raja operating facility because the Company believes that a safe working eco-system nurtures trust among the team, which leads to high man-machine productivity and a happier individual. To strengthen the safety commitment to the team, the Company implemented important measures:

- Formulated a checklist of 101 points comprising safety parameters (including legal requirements) which to be used for formulating preventive action/practices to minimise the occurrence of any incident.
- Initiated the 'Safety deviation sticker' concept to identify non-conformances.



# Energy Efficiency SUMMIT 2018

31 Aug 2018 Hyderabad



Mr. Jagan Mohan, Head-Operations and his team receiving the CII Energy Award at 17th Energy Efficiency Summit, 2018

- Implemented LOTO across all divisions, which is a universal best practice to prevent electrical hazards.
- Added safety features to all equipment to minimise the occurrence of any incident during machine operation.

## Health

At Amara Raja, we believe that a healthy employee brings with him energy and positivity, which are critical ingredients for superior performance. In keeping with this belief, the Company introduced important measures to increase people energy:

- Initiated a program called "Readiness to work," which is a 5 minute - warm-up/stretching exercise, practicing every day before starting of the shift.
- Continued to maintain a tobacco-free environment facility.
- Created nutrition programs based on work-life requirements.
- Institutionalised relevant hygiene practices.
- Conducted periodical employee health monitoring.
- Encouraged walking at the operating facilities premises.

- Conducted regular awareness and training programs on health and wellness.
- Sent health communication mailer from the desk of Medical Officer for updating team members on evolving health practices in their professional and personal spaces.

## Environment management

At Amara Raja, we are seized of the reality that even as India is moving closer to its articulated vision of emerging as a global manufacturing hub, it is the responsibility of every corporate to minimise the load of their operations on the Planet – for this is the only way to ensure the sustainability of operations.

In keeping with this reality, the team continues to work aggressively to protect the environment, reduce drawing resources from the Planet and replenishing the world with natural resources.

- Initiated implementing ISO 50001 standards (for Energy management) across all units for energy conservation.
  - Installed 6.3 MW (Generated 8.67 million units compared to 3.69 million units during the previous financial year) of solar rooftop panels for harnessing and utilising clean energy.
- Implemented numerous projects for optimising the use of raw materials and minimising waste generation from business operations
  - Increased the use of recycled lead

- Installed magnetic water flow meters to monitor water consumption across plants – close monitoring is helping in identifying and plugging wasteful leakages.
- Invested in rainwater harvesting solutions and created water bodies within the premises – it improved the groundwater levels.
- Continued to expand the green belt within the fence and beyond the wall.
- Invested in sophisticated waste water/effluent treatment equipment, which takes care of domestic sewage and process effluents - treated water is used for in-house gardening and cleaning.

## Rewards and Recognition

- Received Gold award in Indian Green Manufacturing Challenge (IGMC) Awards 2018 for the Tirupati facility by International Research Institute for Manufacturing (IRIM) for its good manufacturing practices.
- Received first prize in AP Green awards 2017 under the "Industries (Private)" category from A.P. Greening and Beautification Corporation, Government of Andhra Pradesh.
- Received the Platinum Award (Tirupati location) and Gold Award (Chittoor location) from Arogya World, a global health non-profit organisation at the Arogya World's annual Healthy Workplace Conference and Award event.

# Information Technology



streamlining its business processes and providing tools for better informed decision-making. This will enable it to address its growth aspirations seamlessly.



## IDEA Digital Enterprise Journey

### SAP S/4 HANA - Digital Core

The ERP Transformation Project based on SAP S/4 HANA platform is progressing at a healthy pace. Having completed the Requirements, Blueprint and the Build phase, the teams are working on the Test Phase and Preparations for Go-Live. This includes the design of new processes and analytical dashboards for the leadership team.

This phase also includes design of the various Business Process improvement initiatives taken up across the organisation. To facilitate design, the team has procured the latest tools namely SAP PPDS (Production Planning & Detailed

At Amara Raja, IT solutions have facilitated in creating a more cohesive and closely connected organisation even as the Company expanded its operations geographically. The Company continues to leverage new technologies to increase its efficiency and effectiveness to support the ambitious business growth targets.

The Company is implementing a Business Transformation project under which it is upgrading its ERP landscape to the latest SAP S/4 HANA digital core for



Scheduling),  
SAC (SAP Analytics  
Cloud), nExim (Export Import Software)  
and MDM (Master Data Management)  
tools.

The team selected the SAP Extended  
Warehouse Management solution  
for automating its plant warehouses  
for accurate inventory tracking and  
dispatches.

The SAP team along with various  
partners conducted futuristic workshops  
for the senior management team and  
various functions teams to provide  
awareness on the various new IT  
technologies like IoT, AI, AR and VR and  
how these can be leveraged in their  
functions. In addition to the several  
leaders visiting innovation labs in India  
and Germany, the team also facilitated  
the functional teams to brainstorm and  
define a future technology roadmap for  
each of the functions like HR, FI, SCM,  
QHSE and Operations.

#### **WE@AR**

As part of the next phase of the IDEA  
digital enterprise journey, Amara Raja  
selected People Strong HR suite for its  
HR Transformation Journey This tool  
will facilitate in creating one common  
interface for all Amara Raja employees  
for all HR functions like On-boarding,

Recruitment, HRIS, Payroll, Leave &  
Attendance, Learning & Development,  
including AI based – Messenger to  
answer all employee queries.

#### **IT Applications**

While the IDEA team continued  
working on the new ERP System, the  
IT Applications team rolled out new  
systems in several areas including rolling  
out SAP for our Automotive Battery Plant  
and Li-Ion Plant. Rolling out solutions  
for e-Way bill automation, Special  
Schemes automation and automated  
Evaluated Receipt Settlements leading  
to significant productivity improvement.

The Application team also built a  
Continuous Improvement (CI) Portal  
to track the status of CI Projects and  
measure the benefits and savings  
accruing out of CI Projects.

In addition, the team has finalised a design  
for a Biometric attendance solution for  
Amara Raja that could provide seamless  
access to all Amara Raja locations using a  
single contactless card or using biometric  
finger scanning solution.

#### **IT Infrastructure**

Amara Raja continues to invest  
significantly in upgrading its desktop  
computing and network infrastructure  
including upgrading Branch and  
Regional Offices Networks.

Furthermore, the team worked on  
creating new video conferencing  
locations to facilitate communication  
and minimizing travel. It also rolled out  
Jabber for personal and group chat and  
facilitating audio and video conferencing  
from out of office locations. In addition,  
to these Amara Raja has finalised the IT  
and Audio-video design and approach  
for the new corporate building and data  
center at our Karakambadi facility.

#### **Securing the Enterprise**

As organisations get more digital, data  
security becomes the most critical  
aspect of managing the enterprise.  
Amara Raja realizes this challenge.  
The IT team has worked out a  
comprehensive security roadmap to  
address these concerns. During 2018-19,  
multiple projects have been completed  
towards achieving this goal. They  
include:

1. Anti-SPAM, Anti-Bot Solutions
2. Web Security Solutions
3. Advance Anti Malware Solution for  
secure eMail transactions
4. Managed Security Operations Center
5. Security Dashboards

# Analysis of the Financial Statements

(Based on the Standalone Financial Statements)

Despite the prevailing headwinds in the economic and sectoral ecosystem, Amara Raja continued to deliver healthy growth leveraging its competitive advantages.

## Statement of profit and loss

**Revenue from Operations:** Revenue from Operations grew by 12.26% during 2018-19 to ₹6,793 crores as against ₹6,051 crores in 2017-18 owing to increase in business volumes in both Automotive and Industrial Batteries. Service revenue grew from ₹45 crores in 2017-18 to ₹60 crores in 2018-19.

**Other income:** Decreased from ₹66 crores to ₹47 crores due to lower Interest Income and decrease in net foreign exchange gains.

**Material cost:** The material cost for 2018-19 stood at ₹4,644 crores as against ₹4,116 crores for 2017-18. Material cost includes cost of material consumed, purchase of stock in trade and change in inventories. Material cost as a percentage of net sales was 68.36% against 68.02% in the previous year. Increase in material cost percentage to revenue is attributable to price variance in sales and increase in material cost.

**Excise Duty:** The excise duty included in operating expenses is Rs.Nil during the 2018-19 against ₹174 crores for 2017-18. Excise duty was subsumed in Goods and Service Tax (GST), w.e.f. 1st July 2017, hence this is not comparable.

**Employee benefit Expenses:** Employee Cost increased to ₹345 crores in 2018-19 against ₹309 crores for 2017-18. The increase was on account of escalation in annual compensation and additions in headcount for new capacity expansions.

**Finance cost:** The Finance Cost increased to ₹7 crores in 2018-19 against ₹5 crores in 2017-18. The Increase was on account of an increase in unwinding of discounts on warranty provision. However, this is a non-cash expense and there is no actual cash outflow.

**Depreciation and Amortization Expenses:** Depreciation increased by ₹31 crores during 2018-19 as compared to 2017-18 due to increase in Fixed assets in the last two years towards capacity expansions.

**Other expenses:** Other expenses comprise manufacturing, administrative and selling expenses and have Increased to ₹852 crores during 2018-19 as against ₹751 crores in 2017-18. The increase was on account of increase in variable costs like power, freight and warranty expenses.

**Profits and Profitability:** EBITDA increased from ₹929 crores in 2017-18 to ₹990 crores in 2018-19 due to increase in Sales volume, turnover and improved scale of operations. However, the EBITDA margin dipped to 14.57% in 2018-19 against 15.35% in 2017-18. Reduction in operating margin is due to Increase in material costs and pricing

pressure in certain customer segments.

Profit before tax for the year stood at ₹730 crores in 2018-19 against ₹714 crores in 2017-18, while Profit after tax for the year grew from ₹471 crores to ₹483 crores over the same period.

## Balance sheet

**Net worth:** Increased to ₹3,335 crores as on 31st March 2019 as compared to ₹2,937 crores as on 31st March 2018. Retained earnings increases from ₹2,475 crores as on 31st March 2018 to ₹2,825 crores as on 31st March 2019 registering 14.14% increase.

**Property, plant and equipment:** The Net block of Fixed assets increased by ₹111 crores owing to the capital expenditure during the year which is majorly in plant and equipment (capacity augmentation initiatives during the year).

**Borrowings:** The Company remained debt-free during 2018-19. However, the balance under borrowings ₹47 crores (excluding ₹12 crores of current maturities) as at 31st March 2019 as compared to ₹58 crores (excluding ₹5 crores of current maturities) of previous year pertains to interest free sales tax deferment loans availed under the Government of Andhra Pradesh TARGET 2000 New Industrial Policy

**Working Capital:** Gross working capital Increased marginally by ₹52 crores



during 2018-19 as compared to 2017-18 on a revenue growth of 12.26% over the previous year.

- Inventory stood at ₹1,061 crore as on 31st March 2019 and at ₹1,050 crores as on 31st March 2018.
- Trade receivables amounted to ₹769 crores and ₹782 crores as of 31st March 2019 and 31st March 2018 respectively.
- Current liabilities stood at ₹902 crores as on 31st March 2019 as compared to ₹993 crores as on 31st March 2018

• Other Current assets stood at ₹293 crores as on 31st March 2019 as compared to ₹184 crores as on 31st March 2018. This increase was largely due to increase in balances with Government Authorities.

There are no significant changes in Key Financial Ratios when compared with previous year. All working capital Ratios Improved over the previous year. Profitability ratios are lower than the previous year due to pricing pressure in certain product segments and Increase in Revenue expenses and depreciation.

### Internal Control

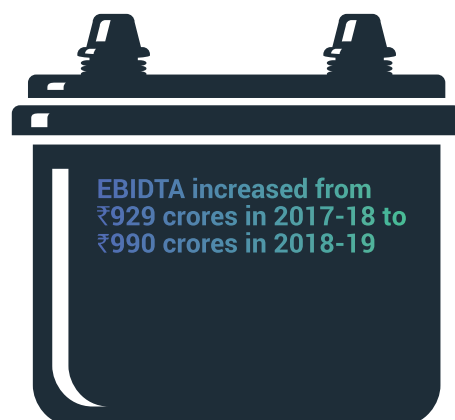
The Company is committed to ensuring an effective Internal Control System and

Internal Control Environment that will help in preventing and detecting errors, irregularities and frauds, thus ensuring security of Company's assets and efficiency of operations. The Company has an internal control system and mechanism which is commensurate with the size and complexity of business and aligned with evolving business needs.

The Company has laid down Internal Financial Controls as detailed in the Companies Act, 2013 and has covered major processes commensurate with size of the business operations. Controls have been established at the entity level and process levels, and are designed to ensure compliance with internal control requirements, regulatory compliance and appropriate recoding and reporting of financial and operational information.

### Key ratios and their movement

Particulars	As at 31st March, 2019	As at 31st March, 2018	% Change
(a) Debtors Turnover (Days)	41.30	47.20	(13)%
(b) Inventory Turnover (Days)	57.03	63.32	(10)%
(c) Interest Coverage Ratio	6,592	6,326	4%
(d) Current Ratio	2.44	2.17	13%
(e) Debt Equity Ratio	0.02	0.02	(19)%
(f) PBT to net sales (%)	10.75%	11.80%	(1.05)%
(g) PAT to net sales (%)	7.12%	7.79%	(0.67)%
(h) Return on networth (%)	15.42%	17.04%	(1.62)%



# Managing Business Risks

Amara Raja's integrated risk management approach, developed over the years, focuses on mitigating the adverse impact of risks on its business objectives. The Company's risk management framework comprises efficient policies and procedures that are regularly reviewed for their alignment with sectoral dynamics and evolving trends.

**With India expected to be on the verge of an economic slowdown, the Company may not be able to sustain its growth momentum.**

The Company's batteries cater to a multitude of applications. Hence, if demand remains muted from one user sector, the resultant fall is compensated by an uptick in volumes from other sectors. In 2018-19, the muted volumes of telecom batteries were more than made up accelerated demand of UPS batteries.

Going forward, the automotive sector is expected to experience a slowdown

primarily due to liquidity constraints in the financial markets and reduced consumption expenditure. However, the aftermarket, where Amara Raja enjoys a dominant mind space and market share, is expected to generate healthy volumes. Also, the Company continues to add platforms with existing automotive OEMs and new OEMs, which should facilitate in growing volumes.

**Inability to keep pace with new-age technologies could impact the Company's progress going forward.**

The Company continues to keep abreast of new technologies that are in vogue across the world. This has enabled the Company to stay at the cutting-edge of battery-manufacturing technology. In 2018-19, the Company secured licenses for deploying new technologies for manufacturing batteries for 2-wheeler, 4-wheeler and industrial applications – positioning the Company as one among the very few globally with this technology. This competitive advantage should facilitate in sustaining business progress going forward.



**New-age sectors are widening battery applications such as e-mobility, renewable energy, and motive power applications. The inability to keep pace with this expansion could stunt business prospects.**

The Company remains aware of emerging opportunities in the battery space, and proactively prepares for them. While e-mobility is just gaining ground in India, the Company has set up a pilot plant for assembling lithium-ion packs for catering to e-mobility solutions. Also, as the warehousing sector reached a decent threshold, the Company launched batteries for motive power applications which were well received by customers. Further, the technology team continues to work on high-performance batteries that meet new-age applications.

**The existing capacities could become redundant if earlier product variants become obsolete or technology changes.**

The Company's manufacturing infrastructure is lead-acid based, a manufacturing chemistry which is here to stay for its versatility in application

and its cost-competitiveness vis-à-vis other battery technologies. Lead-acid batteries have undergone remarkable evolution to keep up with changing car manufacturing technologies. Interestingly, lead-acid batteries serve all the power needs of start-stop vehicles throughout the world and are also becoming common in higher-end hybrid electric vehicles. According to the Advanced Lead Acid Battery Consortium (ALABC), the 12V lead-acid battery has been the mainstay of motor vehicles, and this will continue for many years to come. For telecom batteries, lithium-ion appears to be an expensive option. With the profitability of mobile companies declining, investment in the costly option seems unlikely.

**Being concentrated in India could hinder the Company's ability in securing global business.**

Having established itself in the Indian Ocean Rim, the Company has moved further to strengthen its footprint in Africa and the Middle East nations. Towards this goal, the Company has set up its first international office in UAE. Going forward, the Company will continue to leverage its global contacts to secure new international business. This will facilitate in reducing the Company's dependence on the Indian markets for its growth and sustainability.

**Expanding business frontiers and growing business volumes could result in a compromise in quality.**

The quality culture is ingrained across the organisation – from the top floor to the shop floor – ensuring that every transaction is a heart-warming experience. This has happened because the Company has sustained the use of global quality management concepts for decades. Also, the Company implements numerous projects across all its facilities and establishments to strengthen its quality commitment to stakeholders. Further, the focus on introducing automation solutions will assist in improving productivity without making a compromise on product quality.

**With IT becoming critical to the business – from undertaking day-to-day operations to management decisions – cybersecurity becomes a critical business mandate.**

The Company realises the challenge and has worked out a comprehensive security roadmap to address these concerns. During the year, the team completed multiple projects towards securing its IT infrastructure and data. These include Anti-SPAM, Anti-Bot Solutions, Web Security Solutions, Advance Anti Malware Solution for securing eMail transactions, Managed Security Operations Center, and Security Dashboards. Besides, it has also drawn up a detailed roadmap for the current year for strengthening its cybersecurity.



# Going Beyond... Batteries!

Amara Raja goes beyond energising equipment. It also energises the lives of communities through its outreach initiatives since its existence. The Company's social upliftment initiatives are focused around the four key areas of healthcare, education, skill development and environmental conservation. While the social interventions are funded by the Company they are spearheaded by Rajanna Trust.

## Education

The Trust provides financial and operational supports four schools in villages proximate to the Company's operating units.

- Mangal Vidyalayam (CBSE affiliated school) in Pettamitta Village

imparting education to more than 2,300 students

- Mangal Junior College in Pettamitta Village providing higher education to more than 500 students
- Amara Raja Vidyalayam - I a primary and high school (CBSE Affiliated) at Karakambadi imparting education to 750 students
- Amara Raja Vidyalayam - II at Diguamagham village in the Chittoor District educating more than 600 students annually. This school was also built by the Trust

These schools are setting new standards of excellence in the region, by focusing not only on the academic achievements of the students but also on their achievements in sports and other extracurricular activities. The goal of the schools is to mold its students into well rounded young men and women who can go on to become tomorrow's leaders.



*Dr. Ramachandra N Galla, Chairman and Senior Management team at ARSDC Convocation event.*

In service to these goals the schools celebrate the various achievements of the student's in regular events in which the Trust Executive Committee members actively participate.

### **Skill development**

India is faced with an interesting dichotomy. The second most populous nation of the world faces a shortage of skilled labour. To make a meaningful contribution in resolving this impasse and skilling the average Indian, the Trust invested in a state-of-art Amara Raja Skill Development Center (ARSDC). This institution anchors multi skill industrial courses which would equip the rural talent with necessary skills to enhance their employability. This skill training is carried out in ARSDC with a mission – 'Skilling Rural India to Make in India'.

The curriculum of this 18-month residential programme comprises a prudent mix of on-job training in the plants of the Amara Raja Group and class-room training. The ARSDC complex houses well equipped classrooms, labs and workshops and hostel facilities for boys and girls.

The entire course, inclusive of food, accommodation, uniforms and study material, is free for candidates selected for the course at this institution. The students are also paid an on-the-job stipend as recognition for their efforts.

More than 748 students have cleared the course. Most of these students have been inducted into various companies in the Amara Raja Group. In 2018-19, 186 students passed out (across two batches) and attended their Convocations.

Further, the Trust is planning to establish similar Skill Development Centers at other locations. The proposed centers would focus on skilling rural youth, particularly women, and help in empowering them and fostering inclusive growth.

### **Health**

To supplement the Government's efforts in providing healthcare to every Indian, the Trust financially and operationally supports a 30-bed primary health center in Chittoor District. Qualified staff and experienced doctors provide preventive and primary health care to more than 50,000 people resident in 81 neighboring villages.

Further, the Trust continued to organise general health camps which are attended by respected therapy specialists from India and abroad which were attended by more than 1800 people from 15 villages. At these health camps, patients are provided free consultation and medicines.

### **Water conservation**

In order to augment the water resources in the water starved Chittoor District, the Trust constructed 23 check dams and desilted three tanks under Rajanna Jalasayamu Program. Around 60 villages, covered under 12 panchayats, benefited from this project.

### **Rural development**

The Trust developed rural infrastructure by building/constructing good quality connecting roads, water tanks for providing safe drinking water to villages through RO plants, village street lighting, leisure parks with internet access and a library in Chittoor District. These

facilities are maintained by the trust on an ongoing basis.

The trust continues to support the adopted panchayats of Karakambadi, Pettamitta and Diguvamagham in Chittoor District under "Smart Panchayat Scheme."

The Trust contributed Rs.15 lakhs to Govinda Dhaman for construction an LPG-based eco- friendly Crematorium at Tirupati. Further, the Trust supported the construction of an Auditorium at the Government College, Pakala with an investment of Rs.85 Lacs.

### **Environment**

Amara Raja adopted a 250 hectare plot on a hillock in Pemmagutta (Chittoor district) to develop a plantation. In addition, it purchased and donated a 30-acre plot adjoining the hillock to the Government. The plantation project provided livelihood to about 40 Tribal families. More than 60,000 saplings were planted in and around the hillock. Under the Blue Sky CSR initiative, the Rajanna Trust extended the green cover at Pettamitta village with the assistance of the community, school children and employees.



# 10 - Years Financials

Parameters / Year	Ind AS					IGAAP					₹ in crores
	2018-19*	2017-18**	2016-17**	2015-16**	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	
<b>OPERATING RESULTS</b>											
Net sales*	6,793	6,051	5,335	4,633	4,211	3,437	2,959	2,365	1,761	1,465	
Profit before depreciation, interest & tax (PBDIT) <sup>^</sup>	990	929	878	849	724	576	466	357	259	297	
Profit before interest & tax (PBIT) <sup>^</sup>	725	696	684	704	588	509	395	310	217	254	
Profit before tax (PBT)	730	714	702	723	610	537	422	319	220	255	
Profit after tax (PAT)	483	471	478	492	411	367	287	215	148	167	
Dividends <sup>+</sup>	71	107	-	73	62	55	43	32	39	25	
Dividend Tax <sup>+</sup>	15	22	-	15	12	9	7	5	7	4	
Retained profits	398	343	478	404	337	303	236	178	102	138	
<b>SOURCES AND APPLICATION OF FUNDS</b>											
<b>SOURCES OF FUNDS</b>											
Share capital	17	17	17	17	17	17	17	17	17	17	
Reserves and surplus	3,318	2,920	2,576	2,099	1,682	1,346	1,043	806	629	527	
Net worth	3,335	2,937	2,593	2,116	1,700	1,363	1,060	823	646	544	
Debt	58	64	72	74	76	86	88	86	100	91	
Deferred tax liability	96	88	82	54	37	30	20	22	20	22	
Funds employed	3,490	3,089	2,747	2,244	1,812	1,479	1,167	931	766	657	
<b>APPLICATION OF FUNDS</b>											
Net fixed assets	1,813	1,703	1,492	1,352	944	623	359	355	315	306	
Capital work-in-progress (including intangible assets under development)	315	226	240	123	86	145	103	32	38	23	
Investments	20	35	147	20	16	16	16	16	16	16	
Gross current assets	2,348	2,204	1,706	1,456	1,341	1,356	1,292	949	747	631	
Current liabilities and provisions	1,006	1,080	838	707	576	661	603	421	350	319	
Net current assets	1,342	1,124	868	749	766	695	689	529	398	312	
Net assets	3,490	3,089	2,747	2,244	1,812	1,479	1,167	931	766	657	
<b>RATIOS</b>											
PBT to Net sales (%)	10.75	11.80	13.16	15.60	14.48	15.62	14.26	13.48	12.51	17.38	
PAT to Net sales (%)	7.12	7.79	8.97	10.61	9.76	10.69	9.69	9.10	8.41	11.40	
Return on Assets (ROA) (%) <sup>@</sup>	24.77	27.38	31.77	40.57	48.49	64.56	59.75	45.76	34.61	44.51	
Return on net worth (%) <sup>*</sup>	15.42	17.04	20.32	25.77	26.83	30.33	30.45	29.28	24.90	35.18	
Debt : Equity (times)	0.02	0.02	0.03	0.04	0.04	0.06	0.08	0.10	0.15	0.17	
Fixed assets turnover (times) <sup>#</sup>	3.76	3.54	3.56	3.40	4.14	5.06	7.52	6.42	5.57	4.79	
Earnings per share (₹) <sup>§</sup>	28.31	27.59	28.01	28.78	24.05	21.51	16.78	25.18	17.34	19.56	
Dividend (%)	7.08	4.15	4.25	4.25	3.61	3.23	2.52	1.89	2.30	1.45	
Dividend per share (₹) <sup>§</sup>	7.08	4.15	4.25	4.25	3.61	3.23	2.52	1.89	2.30	1.45	
Book value per share (₹) <sup>§</sup>	195.26	171.97	151.81	123.87	99.50	79.78	62.05	48.21	75.63	63.65	
Share Price (as of 31st March) - (₹) <sup>§</sup>	718.95	797.50	890.05	879.55	833.05	394.40	273.65	292.80	189.75	164.20	

\* Net sales are after reducing excise duty collection from gross sales.

<sup>^</sup> PBDIT and PBIT are net of non operating income and expenditure

<sup>+</sup> Under Ind AS final dividend including taxes are accounted only after approval the shareholders in AGM.

<sup>@</sup> ROA is PBIT divided by Average Net Operating Assets (ANOA). Net operating assets exclude CWIP, Cash and Non-Trade Investments

<sup>\*</sup> Return on networth is computed based on average networth

<sup>#</sup> Year end net fixed assets and manufacturing revenue are considered for computing fixed assets turnover

<sup>§</sup> Earnings, dividend, book value and share price are on face value of ₹2 each upto FY2011-12 and thereafter on face value of ₹1 each

\*\* Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. ROCE and RONW for basis as per Ind AS. Hence these numbers are not comparable with previous years. The figures presented for other years as per IGAAP.

# Corporate information

## Board of Directors

Dr. Ramachandra N Galla	Chairman
Jayadev Galla	Vice Chairman and Managing Director
Marc David Andraca	Non-Executive Director (upto April 30, 2019)
Claudio Morfe	Non-Executive Director (from August 11, 2018 to April 30, 2019)
Nagarjun Valluripalli	Non-Executive Independent Director
N Sri Vishnu Raju	Non-Executive Independent Director
T R Narayanaswamy	Non-Executive Independent Director
Bhairavi Tushar Jani	Non-Executive Independent Director

## Management Team

S Vijayanand	Chief Executive Officer
S V Raghavendra	Chief Financial Officer (upto December 12, 2018)
Y Delli Babu	Chief Financial Officer (w.e.f February 11, 2019)
G Jagan Mohan	Head - Operations
M Jagadish	Head - Technology
Rajesh Jindal	Chief Marketing Officer Automotive Battery Division
Srinivasa Rao Ganga	Chief Marketing Officer Industrial Battery Division
B Jaikrishna	President - HR and New Business Development
G Vijay Naidu	President - CI, Quality management and HSE
L Venkat Madhav	Head - Supply Chain Management
Kishore I Hirani	Chief Information Officer

## Company Secretary

M R Rajaram

## Statutory Auditors

M/s. Brahmayya & Co.  
Chartered Accountants  
D. No. 33-25-33/B  
Govindarajulu Naidu Street  
Suryaraopet, Vijayawada - 520 002

M/s. Deloitte Haskins & Sells LLP  
Chartered Accountants  
KRB Towers  
Plot No. 1 to 4 & 4A  
1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> Floor, Jubilee Enclave  
Madhapur, Hyderabad - 500 081

## Cost Auditors

M/s. Sagar & Associates  
Cost Accountants  
206,2nd Floor  
Raghava Ratna Towers  
Chirag Ali Lane  
Abids, Hyderabad - 500 001

## Secretarial Auditors

R. Sridharan & Associates  
Company Secretaries  
New No. 5, (Old No. 12)  
Sivasailam Street  
T Nagar, Chennai - 600 017

## Bankers

State Bank of India, SME Branch, Tirupati  
Andhra Bank, Main Branch, Tirupati  
Kotak Mahindra Bank Limited, Somajiguda, Hyderabad

## Registered Office

Renigunta - Cuddapah Road  
Karakambadi, Tirupati  
Andhra Pradesh - 517 520  
Tel: 91 877 226 5000  
Fax: 91 877 228 5600  
**CIN: L31402AP1985PLC005305**

## Corporate Operations Office

Terminal A  
1-18/1/AMR/NR, Nanakramguda  
Gachibowli, Hyderabad 500 032  
Tel: 91 40 2313 9000  
Fax: 91 40 2313 9001  
Website: www.amararajabatteries.com  
E-mail: investorservices@amararaja.com

## Registrar and Share Transfer Agents

M/s. Cameo Corporate Services Limited  
Subramanian Building  
No.1, Club House Road, Chennai - 600 002  
Tel: 91 44 2846 0390  
Fax: 91 44 2846 0129  
E-mail: investor@cameoindia.com

# DIRECTOR'S REPORT

## Dear Members,

Your Board of Directors are pleased to present their report for the financial year ended March 31, 2019.

### SUMMARY OF FINANCIAL RESULTS

₹ crores

Parameters	Standalone		Consolidated
	2018-19	2017-18	2018-19
Revenue from operations	6,793.11	6,232.98	6,793.11
Other income	46.77	66.37	46.77
<b>Total income</b>	<b>6,839.88</b>	<b>6,299.35</b>	<b>6,839.88</b>
Profit before tax	730.37	714.20	730.11
Less: Tax expense (including deferred tax)	246.88	242.88	246.88
<b>Profit for the year</b>	<b>483.49</b>	<b>471.32</b>	<b>483.23</b>
Total other comprehensive income/(loss)	(0.10)	1.52	(0.12)
<b>Total comprehensive income for the year</b>	<b>483.39</b>	<b>472.84</b>	<b>483.11</b>

### AUTOMOTIVE BATTERY BUSINESS

The automotive sector experienced headwinds during second half of fiscal year 2018-19 and both 4 wheeler and 2 wheeler vehicle production experienced negative growth during the last quarter. While OEM business in both the application categories, saw some pressure in growth, the aftermarket business performance remained strong with double digit growth in volume. Both **Amaron®** and **PowerZone™** brands continued to make further inroads in markets across the country supported by channel expansion initiatives leading to incremental gain in market share.

The Company's export initiatives started paying rich dividends during the year with about 45% growth in volume. The distribution channels have been further strengthened in focus markets such as Australia, Malaysia, Saudi Arabia etc. The sale of **Amaron®** branded products in the premium segments of the markets accelerated further while **PowerZone™** and selective private labeled product range have complimented our product offering in these markets.

The manufacturing capacity in both 4 wheeler and 2 wheeler battery product lines has been further augmented during the year to meet the growing market demand. The company also announced the establishment of a new green field automotive battery plant with a capacity of 6.5 Mn units with a capital outlay of ₹700 crores. The first phase of this new plant will be operational by end of FY20. The company also signed a technology license agreement with Johnson Controls to use

advanced stamped grid technology. A total Capital investment of ₹ 540 crores is being made for the deployment of advanced stamped grid technology which will enable the company to offer high performance batteries to meet our customers' present and future needs.

### INDUSTRIAL BATTERY BUSINESS

The Industrial Battery Business has improved its performance in FY19 compared to a very challenging year of FY18. This is enabled by virtue of its "preferred supplier status" with all major customers, efficient after sales service, customer relationship management and consistent product performance of its flagship brands **PowerStack®, Quanta®** and **QRS Series, Amaron Volt®** batteries. The volumes grew in all segments of the business barring Telecom segment, where the volumes remained flat.

Exports continue to show strong growth in regions like South East Asia, Middle East and Africa. Company's **"Amaron Volt®"** and **"Amaron Sleek®"** became the preferred brands for the Telecom customers in SEA and African markets. The company established its 100% subsidiary Amara Raja Batteries Middle East (FZE) at Sharjah to serve the Middle East markets effectively. Similarly the Company is aggressively looking at placing own manpower at other regions during FY20 to expand the International Business.

The new business segments like Motive Power, Solar and Energy Storage started yielding results. The Company received a major order for Energy Storage battery system from Africa.

The UPS Business continue to grow on the back of a strong performance in the Data Centre Market. The Quanta® HWS series batteries were well established in this market and became a preferred battery for all the major UPS OEM's. The company is also expanding the UPS battery capacity by adding an additional assembly line which will become operational by the end of the financial Year FY20.

The challenges in the Telecom segment continue to be major concern for the business. The overall potential for batteries in this segment de-grew for the second year in a row in excess of 25%. Due to this and significant over capacity in the industry making the pricing in this sector challenging. Despite this the company maintained the Telecom volumes at last year levels, thus improving the market share.

The Company has initiated necessary measures in all key customer segments to provide integrated solution offering for backup power requirements to its customer.

#### SHARE CAPITAL

The paid up equity share capital of the Company as at March 31, 2019 stood at ₹17.08 crores comprising of 170,812,500 equity shares of ₹1 each. During the year under review, the Company has not issued shares with differential voting rights, employee stock options and sweat equity shares.

#### DIVIDEND

Your Directors at the meeting held on May 15, 2019 amended the existing dividend distribution policy and approved dividend payout (excluding corporate dividend tax) to distribute upto 30% of the profit after tax of the Company effective from the financial year 2018-19. The amended Dividend Distribution Policy is available on the Company's website viz. [www.amararajabatteries.com](http://www.amararajabatteries.com)

Your directors recommend a final dividend of ₹5.08 per equity share of ₹1 each (508%) for the financial year ended March 31, 2019, subject to the approval of the members at the ensuing annual general meeting. The final dividend, if approved, would involve a cash outflow of ₹86.77 crores (excluding corporate dividend tax). Your Directors had earlier approved an interim dividend of ₹2 per equity share of ₹1 each (200%) on November 9, 2018 and the same was paid to the shareholders on November 30, 2018.

The total dividend for the financial year ended March 31, 2019, including the proposed final dividend amounts to ₹7.08 per equity share of ₹1 each share (708%), which is in line with the amended dividend distribution policy of the Company.

#### TRANSFER TO RESERVES

Your Directors propose to transfer an amount of ₹48.35 crores to the general reserve. An amount of ₹2,824.68 crores is retained in the retained earnings.

#### SUBSIDIARY COMPANY

During the year, your Company incorporated a wholly owned subsidiary in the name and style of "Amara Raja Batteries Middle East (FZE) (ARBME)" in Sharjah Airport International Free (SAIF) Zone.

ARBME, a wholly owned subsidiary of the Company, did not commence any operations during the year 2018-19 and reported a loss of ₹ 0.26 crores for the year ended March 31, 2019.

#### CONSOLIDATED FINANCIAL RESULTS

In accordance with the provisions of the Companies Act, 2013 ('the Act'), Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Regulations') and applicable Accounting Standards, the audited consolidated financial statements of the Company for the financial year 2018-19, together with Auditors Report thereon forms part of the Annual Report. . A statement showing the salient features of the financial statements of the subsidiaries, associates and joint ventures is enclosed as "Annexure I" to this report.

In accordance with Section 136 of the Act, the financial statements of the subsidiary company will be made available for inspection to the members of the Company on request and will also be kept for inspection at the Registered Office of the Company.

#### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Report.

## TERMINATION OF AGREEMENTS BETWEEN GALLA FAMILY AND JOHNSON CONTROLS (JC) AND ITS IMPLICATIONS

During the month of November 2018, Johnson Controls International PLC (JC) announced sale of its Power Solution business globally to Brookfield Business Partners LP, its affiliates and its co-investors ("sale"). Consequently, JC and the Galla Family entered into an agreement to terminate the shareholders agreements with effect from April 1, 2019.

Consequent to the termination of the shareholders agreement, the other agreements i.e Investment Agreement, Technical Assistance Agreement and PowerFrame Technology License Agreement & Technology Collaboration Agreement stands terminated with effect from April 1, 2019.

Your Company under the Technical Assistance agreement entered in the year 1997 with JC had fully absorbed all critical technologies over the years. Your Company entered into PowerFrame Technology license agreement in September 2018 from JC. The Company has received complete technology know-how and will continue to have license for manufacturing advanced stamped grid plate making technology under PowerFrame Technology license agreement.

Further your Company announced capacity expansion project with advanced stamped grid plate making process and the project is progressing as per scheduled timelines.

### PROMOTERS AND THEIR SHAREHOLDING:

RNGalla Family Private Limited (RFPL) and Mangal Industries Limited (MIL) are the Indian Promoters holding 24.24% and 1.82% of the paid up share capital of the Company respectively. RFPL is owned and controlled by the Galla Family headed by Dr. Ramachandra N Galla, Chairman of the Company and MIL is a wholly owned subsidiary of RFPL.

### DIRECTORS

Mr. Nagarjun Valluripalli, Mr. N Sri Vishnu Raju, Mr. T R Narayanaswamy and Ms. Bhairavi Tushar Jani are Independent Directors of the Company appointed pursuant to the provisions of Section 149 of the Act. They have submitted a declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act and the Regulations. There has been no change in the circumstances which may affect their status

as an Independent Director during the year, which had been considered and taken on record by the Board.

Mr. Nagarjun Valluripalli, Mr. N Sri Vishnu Raju and Mr. T R Narayanaswamy were appointed as Independent Directors for a term of five consecutive years effective from August 6, 2014. Mr. Nagarjun Valluripalli, Independent Director expressed unwillingness for his re-appointment for a second term due to his pre-occupation.

Mr. N Sri Vishnu Raju and Mr. T R Narayanaswamy had given their consent for re-appointment. Based on the evaluation of the performance of the independent directors, your directors recommend their re-appointment for another term of 5 consecutive years.

The Company has received notice(s) in writing under Section 160 of the Act proposing the appointment(s) of Mr. N Sri Vishnu Raju and Mr. T R Narayanaswamy as Independent Directors. The necessary special resolution(s) seeking your approval for appointment of the above directors as Independent Directors are included in the notice of the ensuing annual general meeting along with brief details about them.

Mr. Marc D Andraca, Director (DIN : 08032189) and Mr. Claudio Morfe (DIN: 08167880), nominees of Johnson Controls resigned from the Board with effect from April 30, 2019, consequent to the termination of the shareholders agreement between Johnson Controls and Galla Family. Your Board wishes to place on record its sincere appreciation of the valuable services rendered by Mr. Nagarjun Valluripalli, Mr. Marc D Andraca and Mr. Claudio Morfe during their tenure as directors of the Company.

Consequent to the resignation of Mr. Marc D Andraca and Mr. Claudio Morfe, Non-Executive Directors, Dr. Ramachandra N Galla who was appointed as Director at the annual general meeting held on August 11, 2018, being the longest-serving Non-Executive Director on the Board, retires by rotation at the ensuing annual general meeting and being eligible offers himself for reappointment.

The necessary resolution(s) seeking your approval by special resolution for appointment of Dr. Ramachandra N Galla as a Director is included in the notice of the ensuing annual general meeting along with brief details about him.

### KEY MANAGERIAL PERSONNEL

During the year, Mr. S V Raghavendra, Chief Financial Officer retired from the services of the Company on attaining the age of superannuation on December 12, 2018. Your Directors place on record the valuable services rendered by Mr. S V Raghavendra during his tenure as Chief Financial Officer of the Company. Your Directors, based on the recommendation of Nomination and Remuneration Committee, appointed Mr. Y Delli Babu as Chief Financial officer of the Company with effect from February 11, 2019.

Pursuant to the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Jayadev Galla, Vice Chairman and Managing Director, Mr. S Vijayanand, Chief Executive Officer, Mr. Y Delli Babu, Chief Financial Officer and Mr. M R Rajaram, Company Secretary are the key managerial personnel of the Company.

### STATUTORY AUDITORS AND THEIR REPORT

M/s. Brahmayya & Co., Chartered Accountants and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the joint statutory auditors at the Annual General Meeting held on August 14, 2015 for a term of five (5) years from the conclusion of the 30<sup>th</sup> annual general meeting till the conclusion of 35<sup>th</sup> annual general meeting. Pursuant to amendments to Section 139 of the Act, the requirements to place the matter relating to such appointment for ratification by members at every annual general meeting has been omitted with effect from May 7, 2018.

The Auditors Report given by M/s. Brahmayya & Co., Chartered Accountants and M/s Deloitte Haskins & Sells, LLP, Chartered Accountants the joint Statutory Auditors, on the financial statements of the Company for the year ended March 31, 2019 forms part of the Annual Report. The Auditor's Report does not contain any qualification, reservation or adverse remark.

### COST AUDITORS AND THEIR REPORT

As per Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules as amended from time to time, the cost records are required to be audited. Based on the recommendation of the Audit Committee, your Board has appointed M/s. Sagar & Associates, Cost Accountants, as cost auditors for the financial year 2019-20 to audit the cost records

of the Company. Necessary resolution for ratification of their remuneration is being placed for your approval.

### SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to the Regulation 24A of the Regulations, the Company had appointed M/s. R. Sridharan & Associates, Company Secretaries to undertake the secretarial audit of the Company for the financial year 2018-19. The Secretarial Audit Report in Form MR-3 received from them is annexed herewith as **"Annexure II"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### CORPORATE GOVERNANCE

The report on corporate governance for the year ended March 31, 2019 pursuant to Regulation 34 of the Regulations is annexed hereto as **"Annexure III"**. The certificate from practicing company secretary regarding the compliance of conditions of corporate governance is attached to the report on corporate governance.

### MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis report, highlighting the performance and prospects of the Company's business is provided in a separate section and forms an integral part of this report.

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the Regulations, the Business Responsibility Report (BRR) initiatives taken from an environmental, social and governance perspective, is annexed hereto as **"Annexure IV."**

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) and 134(5) of the Act, including any statutory modifications or re-enactment thereof for the time being in force the Board of Directors of the Company confirm, to the best of their knowledge and belief, that in the preparation of annual financial statements for the financial year ended March 31, 2019:

- i) applicable accounting standards and Schedule III of the Act have been followed;

- ii) 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 March 31, 2019 and of the profit of the Company for the financial year ended March 31, 2019;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognised in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an on-going 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;
- iv) financial statements have been prepared on a going concern basis;
- v) proper internal financial controls are in place and that such internal financial controls were adequate and were operating effectively;
- vi) systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

## INFORMATION AND DISCLOSURES UNDER THE ACT

### EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014 in the prescribed form MGT-9 is annexed herewith as **"Annexure V"**. The complete annual return is available on the website of the Company at <https://www.amararajabatteries.com/Investors/annual-reports/>

### NUMBER OF MEETINGS OF THE BOARD

During the year, six (6) meetings of the Board of Directors of the Company were convened and held in accordance with the provisions of the Act. The date(s) of the Board Meeting, attendance by the directors are given in the Corporate Governance Report forming an integral part of this report.

## COMMITTEES OF THE BOARD

In compliance with the provisions of Sections 135, 177, 178 of the Act, the Board constituted Corporate Social Responsibility Committee, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee (Committees). The details of composition of the Committees, their meeting and attendance of the members are given in the Corporate Governance Report forming an integral part of this report.

During the year under review, your Board constituted Risk Management Committee effective from April 1, 2019 as per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The members of the said Committee are Mr. Nagarjun Valluripalli, Mr. N Sri Vishnu Raju, Mr. T R Narayanaswamy, Independent Directors, Mr. S Vijayanand, Chief Executive Officer and Mr. Y Delli Babu, Chief Financial Officer of the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are given in **"Annexure VI"** to this report in the format prescribed in Companies (Corporate Social Responsibility Policy) Rules, 2014. The said policy is available on the Company's website at <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

## NOMINATION AND REMUNERATION POLICY

The Board has on the recommendation of Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy adopted by the Board is available on the Company's website at <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

## EVALUATION OF THE BOARD

Pursuant to the provisions of the Act and Regulation 17 of Regulations, the Board had carried out an annual evaluation of its own performance, the Directors individually and of the committees of the Board, based on the evaluation criteria defined by Nomination and Remuneration Committee for performance evaluation process of the Board, its committees and Directors.



A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board. The Directors performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of all Directors including the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. Further, the performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

#### **FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

A handbook covering the role, function, duties and responsibilities and the details of the compliance requirements expected from the Directors under the Act and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were given and explained to the Independent Directors.

The newly appointed Independent Directors are given induction and orientation with respect to Company's Vision, Core purpose, Core Values and business operations. In addition detailed presentations are made by Senior Management Personnel on business environment, performance of the Company at every Board Meeting.

The above initiatives help the Independent Directors to understand the Company, its business and the regulatory framework in which the Company operates and enables the Directors to fulfill their role/responsibility. The details of the familiarization programme are available on the Company's website [www.amararajabatteries.com](http://www.amararajabatteries.com)

#### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The details of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as on March 31, 2019 are given in Note 38 to the standalone financial statements of the Company.

#### **TRANSACTIONS WITH THE RELATED PARTIES**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. During the financial year 2018-19, there were no materially significant transactions with the related parties which might be deemed to have had a potential material conflict with the interest of the Company at large.

In line with the provisions of Section 177 of the Act read with the Companies (Meetings of the Board and its Powers) Rules, 2014, omnibus approval for the estimated value of transactions with the related parties for the financial year is obtained from the Audit Committee. The transactions with the related parties are routine and repetitive in nature.

The summary statement of transactions entered into with the related parties pursuant to the omnibus approval so granted are reviewed and approved by the Audit Committee and the Board of Directors on a quarterly basis. The summary statements are supported by an independent audit report certifying that the transactions are at an arm's length basis and in the ordinary course of business.

The members at the annual general meeting held on August 7, 2017 approved and authorised the Board to enter into transactions with Mangal Industries Limited (MIL) upto a cumulative value of transactions of ₹1,000 crores in each financial year. During the financial year 2018-19, the transactions with MIL amounted to ₹910.50 crores (including dividend paid), a material transaction under the Regulation 23 of the Regulations and the policy adopted by the Company under the said Regulations.

The Form AOC- 2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as "**Annexure VII**" to this Report.

#### **INTERNAL CONTROLS**

The Company has put 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, regulations, management authorisation, policies and procedures.

The Audit Committee of the Board periodically reviews audit plans, observations and recommendations of the internal and external auditors, with reference to the significant risk areas and adequacy of internal controls and keeps the Board of Directors informed of its observations, if any, from time to time.

#### **RISK MANAGEMENT**

During the year, the risk assessment parameters were reviewed and modified. The audit committee reviewed the elements of risk and the steps taken to mitigate the risks. In the opinion of the Board, there are no major elements of risk which has the potential of threatening the existence of the Company.

#### **WHISTLE BLOWER POLICY /VIGIL MECHANISM**

The Company has established a whistle blower policy/vigil mechanism to provide an avenue to raise concerns. The mechanism provides for adequate safeguards against victimization of employees who avail of it and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with the complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. The Whistle Blower Policy established by the Board is available on the Company's website at <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

#### **DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from the public falling within the ambit of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. There are no outstanding deposits as on March 31, 2019.

#### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption, foreign exchange earnings and outgo as per Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules 2014, are annexed hereto as **"Annexure VIII"** and forms an integral part of this report.

#### **PARTICULARS OF EMPLOYEES AND REMUNERATION**

The information required pursuant to Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed hereto as **"Annexure IX"**.

A statement showing names and other particulars of the top ten employees and employees drawing remuneration in excess of the limits prescribed under Rule 5(2) of the said rules is also annexed to the Directors' Report as **"Annexure X"**. However, as per the provisions of Section 136(1) of Act the annual report is being sent to all the members excluding the aforesaid statement. The statement is available for inspection at the registered office of the Company during working hours upto the date of 34<sup>th</sup> Annual General Meeting.

#### **REPORTING OF FRAUDS**

There was no instance of fraud during the year under review, which required the Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made there under.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS**

There are no significant material orders passed by the Regulators or Courts which would impact the going concern status of the Company and its future operations.

#### **COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with the Secretarial Standards with respect to Meetings of the Board of the Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and approved by the Central Government.

#### **INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

In terms of Section 124 (5) of the Act, an amount of ₹17,41,938 being unclaimed final dividend(s) pertaining to the financial year 2010-11 was transferred to IEPF on September 18, 2018.

#### **HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION (HSE)**

The Company has complied with all applicable environmental and labour laws. The Company continues to be certified under ISO-14001 and OHSAS 18001-2007 for its environment management systems and occupational health and safety management systems respectively.

### POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a policy on prevention of Sexual Harassment and has constituted an Internal Complaints Committee (ICC) in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder. During the year, no complaints were received by ICC.

### AWARDS AND RECOGNITIONS

Your Company continues to get accolades and awards from its customers and other prestigious domestic/international forums. Some of the awards and recognitions your Company received during the year under review:

- Received "Best Vendor Rating and System Audit" award from Maruti Suzuki India Limited.
- Received "4+ star rating" from Hyundai Motors India Ltd
- Received "High Quality Performance" from Bajaj Auto Limited in recognition for our excellence in the field of QCDDM parameters (Excellence in Quality, Delivery, and relationship Building).
- Received "Best in Quality Management" from Honda Motorcycle and Scooters India Limited
- Received "Gold award" under infra equipment's supply category from Indus Towers Limited.
- Received "Platinum" award from Caterpillar for "Supplier Quality Excellence Process"
- Received "The Prize" at the most prestigious 9th CII National HR Excellence Award 2018.
- Received "Gold award" in Indian Green Manufacturing Challenge (IGMC) Awards 2018 from International Research Institute for Manufacturing (IRIM) for the good manufacturing practices being followed in the Company.
- Received first prize in "AP Green awards 2017" under Industries (Private) category from A.P. Greening and Beautification Corporation, Government of Andhra Pradesh.
- Received "Platinum Award" and "Gold award" for facilities at, Karakambadi, Tirupati and Nunegundlapalli, Chittoor District respectively from Arogya World, a global health non-profit organisation.

- Bestowed with prestigious ABK AOTS awards in following categories
  - i. Awards received under Sustenance Category for LVRLA Battery Plant, Karakambadi, Tirupati, Automotive Battery Plant II, Chittoor.
  - ii. Platinum award under Excellence category for Two-wheeler Automotive Battery plant, Chittoor
- Received two Gold awards in ICQCC (International Convention of Quality Control Circles) 2018 competition held in Singapore.
- Two-wheeler automotive battery plant team won the 2<sup>nd</sup> runner award in Twelfth CII Six Sigma National Conference and Competition under the "Manufacturing Industry (Discrete and Assembly Line)" category.

### INDUSTRIAL RELATIONS

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

### ACKNOWLEDGEMENT

The Board of Directors takes this opportunity to place on record their appreciation for the unstinted co-operation, commitment and dedication of all the employees of the Company, and the support extended by the channel partners, customers, vendors, business associates, banks, government authorities and all concerned without which it would not have been possible to achieve all round growth of the Company.

Your Directors also take this opportunity to thank Johnson Controls for their valuable assistance, support and successful association for 21 years, which created one of the leading battery manufacturers in India.

The Directors are thankful to the shareholders for their continued patronage.

On behalf of the Board

Place: Hyderabad  
Date: May 15, 2019

**Dr. Ramachandra N Galla**  
Chairman

**ANNEXURE I**

# FORM AOC-1

**STATEMENT SHOWING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES, JOINT VENTURES  
AND ASSOCIATES AS PER COMPANIES ACT, 2013**

*(Pursuant to first Proviso to Sub-Section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)*

**PART A: SUBSIDIARIES**

₹ crores

Name of the Subsidiary	Amara Raja Batteries Middle East (FZE)*
Date on which subsidiary is incorporated	July 31, 2018
Share Capital	0.27
Reserves and Surplus	(0.26)
Total Liabilities	0.15
Total assets	0.15
Investments (Included in Total Assets)	-
Total Income (including other income)	-
Loss before tax	(0.26)
Provision for tax	-
Loss after tax	(0.26)
Dividend	-
% of shareholding	100
Reporting period	March 31, 2019
Reporting currency	AED
Closing exchange rate	1 AED = 18.26 INR

\* The subsidiary has not commenced its operations during FY 2018-19.

**PART B: JOINT VENTURES/ ASSOCIATES**

There are no joint ventures/associates.

## ANNEXURE II

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended]*

To  
The Members of  
**Amara Raja Batteries Limited**  
Renigunta- Cuddapah Road  
Karakambadi  
Tirupati - 517520

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Amara Raja Batteries Limited** [Corporate Identification Number: L31402AP1985PLC005305] (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The Company has complied with the applicable provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment. There was no Foreign Direct Investment, and External Commercial Borrowings during the year under review;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) During the year under review, the Company has not issued any new securities mandating compliance of the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 & Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- d) The Company has not formulated any scheme of ESOP/ESPS and hence requirement of compliance of the provisions of The Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 does not arise;
  - e) During the period under review, the Company has neither issued any debentures nor has any outstanding debentures to be redeemed and hence the compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 is not applicable;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) During the year under review, the Company has not delisted its Securities from any of the Stock Exchanges in which it is listed and hence the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 is not applicable; and
  - h) The Company has not bought back any shares during the period under review and hence the provisions of compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 & Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 is not applicable;
- (vi) The Management has identified and confirmed the following Laws as being specifically applicable to the Company:
1. The Batteries (Management and Handling) Rules, 2001;
  2. Acts and Rules relating to Environmental protection and energy conservation;
  3. Acts and Rules relating to hazardous substances and chemicals;

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the Company is adequate systems to ensure compliance of laws as mentioned above.

We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory auditor, tax auditor, and other designated professionals.

We have also examined compliance with the applicable clauses / regulations of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) The Uniform Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Notes on agenda which are circulated less than the specified period, the necessary compliances under the Companies Act, 2013 and Secretarial Standards on Board Meeting are complied with. There are certain businesses that can be transacted through Video Conferencing / Audio Visual means as provided for under the

Companies Act, 2013 and the relevant Rules made there under. The Company has properly convened & recorded in compliance with Rule 3 of Companies (Meetings of Board and its Powers) Rules, 2014 businesses that have been transacted through Video Conferencing / Audio Visual means.

Based on the verification of the records and minutes, the decisions were carried out with the consent of the Board of Directors / Committee Members and no Director / Member dissented on the decisions taken at such Board / Committee Meetings. Further, in the minutes of the General Meeting, the number of votes cast against the resolutions has been recorded.

**We further report that** we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

**We further report that** the above mentioned Company being a Listed entity this report is also issued pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and circular No.CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India.

**We further report that** as per the information and explanation provided by the Management, the Company does not have any Material Unlisted Subsidiary(ies) Incorporated in India pursuant to Regulation 16 (c) and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under review.

**We further report that** during the audit period, there were no specific events having major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines and standards.

For **R. SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

**CS R. SRIDHARAN**

CP No. 3239

FCS No. 4775

UIN : S2003TN063400

Place: Chennai

Date: May 15, 2019

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*This report is to be read with our letter of even date which is annexed as ANNEXURE-A and forms an integral part of this report.*

## ANNEXURE A

The Members

**Amara Raja Batteries Limited**

CIN : L31402AP1985PLC005305

Renigunta-Cuddapah Road

Karakambadi

Tirupati-517520

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **R. SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

Place: Chennai  
Date: May 15, 2019

**CS R. SRIDHARAN**  
CP No. 3239  
FCS No. 4775  
UIN : S2003TN063400



## ANNEXURE III

# CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") read with Schedule V thereto, compliance with the requirements of Corporate Governance is set out below:

## 1. Company's Philosophy on Corporate Governance

Corporate Governance is based on good principles and practices such that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Amara Raja Batteries Limited ("Amara Raja" or "the Company") is committed to the adoption of best governance practices and to its adherence in the business of the Company. The Company's corporate governance practices are driven by timely disclosures, transparent accounting policies, internal control on operations and high levels of integrity in decision making with an objective to enhance the value to the stakeholders. The Company is in compliance with the mandatory requirements with regard to corporate governance under the Regulations.

## 2. Board of Directors

- i) The Board of Directors, as at the financial year ended March 31, 2019, comprised of eight Directors of which Vice Chairman and Managing Director is an Executive Director. Out of seven (7) Non-Executive Directors, four (4) including one woman director are Independent Directors and three (3) are Non Independent Directors. The Independent Directors have been issued formal letter of appointment and the terms and conditions of their appointment have been disclosed on the website of the Company. The Board has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in conformity with Regulation 17(1) of the Regulations as well as the Companies Act, 2013("the Act") and the rules made thereunder.
- ii) The composition and the category of the Board during the year is as follows:

Name of the Director	Designation	Category
Dr. Ramachandra N Galla DIN : 00133761	Chairman	Promoter; Non-Executive
Mr. Jayadev Galla DIN : 00143610	Vice Chairman and Managing Director	Promoter; Executive
Mr. Trent Moore Nevill* DIN : 07699463	Director	Non-Executive
Mr. Marc D Andraca# DIN : 08032189	Director	Non-Executive
Mr. Claudio Morfe# DIN: 08167880 (w.e.f. August 11, 2018)	Director	Non-Executive
Mr. Nagarjun Valluripalli DIN : 00034389	Director	Independent; Non Executive
Mr. N Sri Vishnu Raju DIN : 00025063	Director	Independent; Non Executive
Mr. T R Narayanaswamy DIN : 01143563	Director	Independent; Non Executive
Ms. Bhairavi Tushar Jani DIN : 00185929	Director	Independent; Non Executive

\* Mr. Trent Moore Nevill resigned as a Director with effect from May 18, 2018.

# Mr. Marc D Andraca and Mr. Claudio Morfe resigned as Director(s) with effect from April 30, 2019.

- iii) Six Board Meetings were held during the year as against the minimum requirement of four meetings and the maximum time gap between any of the two consecutive meetings was not more than 120 days. The dates on which the meetings were held are as follows:

Date of Meeting	Board Strength	No. of Directors Present
May 18, 2018	7	5
August 11, 2018	8	6
September 24, 2018	8	3
November 9, 2018	8	6
February 11, 2019	8	3
March 19, 2019	8	4

- iv) The details of the attendance of the Directors at the Board meetings held during the year ended March 31, 2019 and at the last Annual General Meeting (AGM) are given below:

Name of the Director	No. of Board Meetings		AGM held on August 11, 2018
	Held	Attended	
Dr. Ramachandra N Galla	6	6	Yes
Mr. Jayadev Galla	6	3	Yes
Mr. Trent Moore Nevill*	6	0	NA
Mr. Marc D Andraca^	6	3	Yes
Mr. Claudio Morfe^	6	1	NA
Mr. Nagarjun Valluripalli	6	5	Yes
Mr. N Sri Vishnu Raju	6	5	Yes
Mr. T R Narayanaswamy	6	2	No
Ms. Bhairavi Tushar Jani	6	2	No

\* Resigned as a Director with effect from May 18, 2018.

^ Mr. Claudio Morfe was appointed as an Additional Director with effect from August 11, 2018. Mr. Marc D Andraca and Mr. Claudio D Morfe participated in the Board meetings held on February 11, 2019 and March 19, 2019 through video conference.

- v) The number of directorships, memberships/chairmanships in committees held by the directors including Amara Raja Batteries Limited as on March 31, 2019 are given below:

Name of the Director	Number of directorships in companies#	Number of committee memberships in companies*	
		Chairperson	Member
Dr. Ramachandra N Galla	11	2	2
Mr. Jayadev Galla	10	Nil	1
Mr. Marc D Andraca	1	Nil	Nil
Mr. Claudio Morfe	1	Nil	Nil
Mr. Nagarjun Valluripalli	16	1	Nil
Mr. N Sri Vishnu Raju	19	1	2
Mr. T R Narayanaswamy	9	Nil	1
Ms. Bhairavi Tushar Jani	12	Nil	1

# Excluding directorship in foreign companies and including the directorship in the Company.

\* Audit Committee and Stakeholders Relationship Committee(s) only of listed and unlisted public company are considered.

- vi) The details of the other listed entities where the directors of the Company are Directors and the category of directorship as on March 31, 2019 are as follows:

Name of the Director	Directorship in other listed entities	Category of Directorship
Dr. Ramachandra N Galla	-	-
Mr. Jayadev Galla	-	-
Mr. Marc D Andraca	-	-
Mr. Claudio Morfe	-	-
Mr. Nagarjun Valluripalli	-	-
Mr. N Sri Vishnu Raju	Heritage Foods Limited	Independent Director
	Zydus Wellness Limited	Independent Director
Mr. T R Narayanaswamy	-	-
Ms. Bhairavi Tushar Jani	-	-

- vii) Dr. Ramachandra N Galla is the father of Mr. Jayadev Galla. Other than Dr. Ramachandra N Galla and Mr. Jayadev Galla, none of the directors are related to any other Director on the Board. Mr. Marc D Andraca and Mr. Claudio Morfe are the representatives of Johnson Controls.
- viii) None of the directors hold any shares in the Company. The Company has not issued any convertible instruments.

**ix) Skills/Expertise/Competencies of the Board of Directors**

The Board composition of your Company encompasses right mix of skill and competencies, namely Directors having experience and expertise in general management, business strategy, corporate strategy, governance practices, etc. All the directors have the ability to make points succinctly and effectively at Board Meetings.

**x) Familiarisation Programme**

A handbook covering the role, function, duties and responsibilities and the details of the compliance requirements expected from the Directors under the Companies Act, 2013 and relevant Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were given and explained to the Independent Directors.

The newly appointed Independent directors are given induction and orientation with respect to Company's Vision, Core purpose, Core Values and business operations. In addition, detailed presentations are made by Senior Management Personnel on business environment, performance of the Company at every Board Meeting.

The above initiatives help the Independent Directors to understand the Company, its business and the regulatory framework in which the Company operates and enables the Directors to fulfill their role/responsibility. The details of the familiarisation programme is available on the Company's website [www.amararajabatteries.com](http://www.amararajabatteries.com)

- xi) The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances on a yearly basis.
- xii) The Board had approved code of conduct in compliance with the Regulations. The said code is applicable for all the Directors and the Senior Management Personnel of the Company and the same is posted on [www.amararajabatteries.com](http://www.amararajabatteries.com). All the members of the Board and the Senior Management Personnel of the Company have affirmed compliance with the code of conduct for the financial year ended March 31, 2019. In terms of Schedule V to the Regulations, a declaration signed by the Vice Chairman and Managing Director is enclosed to this report as **Annexure A**.
- xiii) During the financial year 2018-19, information as specified in Part A of Schedule II to the Regulations such as annual operating plans and budgets, capital budgets, financial results of the Company, foreign currency exposures on quarterly basis and such other information as and when applicable were placed before the Board for its consideration.
- xiv) Mr. Jayadev Galla, Vice Chairman and Managing Director and Mr. Delli Babu Y, Chief Financial Officer of the Company have submitted a certificate to the Board for the financial statements for the year ended March 31, 2019 on the fairness of the financial statements and other matters as specified in Part B of Schedule II of the Regulations.
- xv) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board. The Independent Directors have confirmed that they satisfy the criteria of independence as stipulated in Regulation 16(1)(b) of the Regulations. The tenure of the Independent Directors is in accordance with the Companies Act, 2013 and rules

made thereunder. The Independent Directors at their meeting, reviewed the performance of the Board as a whole, Non independent Directors and the Chairman of the Board.

- xvi) The Board of Directors be and hereby confirm that in the opinion of the Board, Mr. Nagarjun Valluripalli, Mr. N Sri Vishnu Raju, Mr. T R Narayanaswamy and Ms. Bhairavi Jani, the independent directors of the Company fulfills the conditions specified in the Companies Act, 2013 and the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.
- xvii) None of the independent directors has resigned from the directorship of the Company before the expiry of their term of appointment during the financial year ended March 31, 2019.
- xviii) During the year, all the Independent Directors except Ms. Bhairavi Jani had met separately on March 19, 2019 without the attendance of non-independent directors and members of the management.
- xix) None of the Directors hold Directorships in more than seven (7) listed Companies and Mr. Jayadev Galla, Vice Chairman and Managing Director is not serving as an independent Director in any listed company.
- xx) None of the Directors on the Board are Members in more than ten Committees or Chairman of more than five Committees across all the public limited companies in which they are Directors. For this purpose, Audit Committee and the Stakeholders Relationship Committee only are considered. The Directors disclosed their positions held in committees and directorships held in other public limited companies as on March 31, 2019.
- xxi) The senior management personnel confirmed that they don't have any personal interest in respect of all material financial and commercial transactions entered into by the Company, which may have a potential conflict with the interest of the Company at large.
- xxii) The brief particulars of the directors proposed for re-appointment/appointment at the Annual General Meeting are given in the notes to the notice of the ensuing Annual General Meeting.

### 3. Audit Committee

- i) The constitution and terms of reference of the Audit Committee are in accordance with and covers all the matters specified under Section 177 of the Act and Regulation 18 of the Regulations read with Part C of Schedule II of the Regulations.
- ii) The Company Secretary acts as the Secretary to the Audit Committee. Mr. Nagarjun Valluripalli, Independent Director and Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on August 11, 2018.
- iii) During the financial year 2018-19, Six (6) meetings of the Audit Committee were held on May 14, 2018, August 11, 2018, September 24, 2018, November 9, 2018, February 11, 2019 and March 19, 2019. The maximum time gap between any of the two consecutive meetings was not more than 120 days. The necessary quorum was present in all the meetings.
- iv) The composition of the Audit Committee and attendance of members are given below:

Name	Category	Attendance
Mr. Nagarjun Valluripalli, Chairman	Non-Executive, Independent	4
Mr. N Sri Vishnu Raju	Non-Executive, Independent	5
Mr. T R Narayanaswamy	Non-Executive, Independent	3
Ms. Bhairavi Tushar Jani	Non-Executive, Independent	2

### 4. Nomination and Remuneration Committee

- i) The constitution and terms of reference of the Nomination and Remuneration Committee are in accordance with and covers all the matters specified under Section 178 of the Act and Regulation 19 of the Regulations read with Part D of Schedule II of the Regulations.
- ii) Two meetings of the Nomination and Remuneration Committee were held on May 14, 2018 and August 11, 2018. The composition of the Nomination and Remuneration Committee and attendance of members are given below:

Name	Category	Attendance
Mr. Nagarjun Valluripalli, Chairman	Independent, Non-Executive	1
Mr. T R Narayanaswamy	Independent, Non-Executive	1
Mr. N Sri Vishnu Raju	Independent, Non-Executive	2

iii) **Nomination and Remuneration Policy**

The Board of Directors at its meeting held on March 28, 2015 approved the Nomination and Remuneration policy. The said policy is applicable to all the Directors, Key Managerial personnel and senior management personnel of the Company.

**Remuneration to Directors**

The remuneration structure of Managing Director/Executive Director comprises of basic salary, commission, perquisites and allowances, contribution to provident fund etc. The remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The Directors from Galla Family and the representative Directors of Johnson Controls are not paid sitting fees for attending any meetings of the Board and Committee thereof.

The Non-Executive Independent Directors are entitled to sitting fee for attending the Board/Committee meetings and also for reimbursement of out of pocket expenses for attending the meetings. A sitting fee of Rs. 20,000/- for attending each meeting of the Board and Rs.10,000/- for attending each meeting of any Committee(s) of the Board was paid to the Directors during the year under review.

The necessary resolutions for payment of Commission to Dr. Ramachandra N Galla, Non- Executive Chairman @ 3% of the net profits of the Company and other Non-Executive Independent Directors of the Company are placed for approval of the members at the ensuing annual general meeting.

iv) **Details of Remuneration paid to the Directors for the year ended March 31, 2019 are given below:**

a) Non-Executive Directors (other than representatives of Johnson Controls): ₹ crores

Name	Commission*	Sitting Fees*
Dr. Ramachandra N Galla	23.82	-
Mr. Nagarjun Valluripalli	0.05	0.02
Mr. N Sri Vishnu Raju	0.05	0.02
Mr. T R Narayanaswamy	0.05	0.01
Ms. Bhairavi Tushar Jani	0.05	0.01
<b>Total</b>	<b>24.02</b>	<b>0.06</b>

\*Excludes taxes

b) Mr. Jayadev Galla, Vice Chairman and Managing Director: ₹ crores

Particulars	Amount
Salary	2.40
Perquisites and Allowances	-
Commission	37.29
Retirement benefits	0.00*
<b>Total</b>	<b>39.69</b>

\* Amount below ₹ 1 lakh

The shareholders at the AGM held on August 14, 2015 appointed Mr. Jayadev Galla as Vice Chairman and Managing Director of the Company for a period of five years with effect from September 1, 2015 to August 31, 2020. The agreement entered into with Mr. Jayadev Galla may be terminated by either party by giving three months' notice and there is no severance fee or compensation payable by the Company upon termination of the agreement. There are no stock options issued by the Company.

v) **Board Evaluation**

Pursuant to the provisions of the Act and Regulation 17 of the Regulations, the Board had carried out an annual evaluation of its own performance, the directors individually and of the committees of the Board.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering aspects of the Board's functioning such as adequacy of the composition of the Board and its committees, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board. The Directors performance was evaluated on parameters such as level of engagement and contribution in safeguarding the interest of the Company etc.

The performance evaluation of all the Directors including the Independent Directors was carried out by the entire Board. Further, the performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

**5. Share Transfer and Stakeholders Relationship Committee**

- i) The constitution and terms of reference of the Share Transfer and Stakeholders Relationship Committee are in accordance with and covers all the matters specified under Section 178 of the Act and Regulation 20 of the Regulations read with Part D of Schedule II of the Regulations. The said Committee attends to the redressal of complaints of shareholder's.
- ii) During the financial year 2018-19, four meetings of the Committee were held on May 18, 2018, August 11, 2018, November 9, 2018 and February 14, 2019.

- iii) The Composition of the Share Transfer and Stakeholders Relationship Committee and the attendance of members are given below:

Name	Category	Attendance
Dr. Ramachandra N Galla	Non-Independent; Non-Executive	4
Mr. Jayadev Galla	Non-Independent; Executive	4

- iv) The Committee is headed by Dr. Ramachandra N Galla, Non-Executive Chairman.
- v) Mr. M R Rajaram, Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee.
- vi) During the year 2018-19, six (6) complaints pertaining to non-receipt of corporate entitlements/share certificates, non-receipt of dividend and with regard to reporting of financial results to stock exchanges were received and redressed to the satisfaction of the shareholders. There were two (2) pending complaints as on March 31, 2019.
- vii) **Name, designation and address of the Compliance Officer:**

Mr. M R Rajaram  
 Company Secretary  
 Amara Raja Batteries Limited  
 Terminal A  
 1-18/1/AMR/NR  
 Nanakramguda, Gachibowli  
 Hyderabad-500032  
 Tel No. 91 40 2313 9300  
 Fax No. 91 40 2313 9001  
 E-mail id: investorservices@amararaja.com

**6. Corporate Social Responsibility Committee**

- i) In Compliance with Section 135 of the Act the Board had constituted the Corporate Social Responsibility Committee. The terms of reference of the Committee covers all the matters specified in Section 135 of the Act.
- ii) During the financial year 2018-19, one meeting of the Committee was held on November 9, 2018.

iii) The Composition of the Corporate Social Responsibility Committee and the attendance of members are given below:

Name	Category	Attendance
Dr. Ramachandra N Galla	Non-Independent, Non-Executive	1
Mr. Nagarjun Valluripalli	Independent, Non-Executive	1
Mr. T R Narayanaswamy	Independent, Non-Executive	-
Mr. Marc D Andraca*	Non-Independent, Non-Executive	-

\* Appointed as member of the Committee w.e.f November 9, 2018 and resigned as a Director with effect from April 30, 2019

iv) The Committee is headed by Dr. Ramachandra N Galla, Non-Executive Chairman.

## 7. General Body Meetings

### Location and date/time for the last three Annual General Meeting

For the Financial year	Venue	Day and date	Time
2017-18	Registered Office: Renigunta-Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh – 517 520	Saturday August 11, 2018	11.30 a.m.
2016-17		Monday August 7, 2017	2:30 p.m.
2015-16		Saturday August 6, 2016	2:30 p.m.

### Special Resolutions passed during the three previous years:

#### Financial year 2017-18

Special Resolution passed to approve the re-appointment of Dr. Ramachandra N Galla (DIN: 00133761) as a Director of the Company.

#### Financial year 2016-17

Special Resolutions passed to approve the alteration of Articles of Association of the Company for adoption of new set of Articles of Association in alignment with the Companies Act, 2013.

#### Financial year 2015-16

No special resolutions were passed during the financial year 2015-16.

### Resolutions passed by Postal Ballot

No Postal Ballot was conducted during the financial year 2018-19. No special resolution is proposed to be passed through postal ballot.

## 8. Means of communication

The quarterly, half-yearly and annual results are submitted to the stock exchanges in accordance with the Regulations and are published in Business Standard, Business Line (all editions) and Andhra Jyothi, Eenadu and Vaartha (Rayalaseema Edition). The Company also posts the press releases, transcript of calls made with analysts, if any, and results on its website [www.amararajabatteries.com](http://www.amararajabatteries.com)

The Annual General Meeting is the principal forum for face to face communication with shareholders, where the Directors / Senior Management personnel / Auditors / CFO respond to the specific queries of the shareholders.

## 9. General shareholders information

Day, Date, time and venue of the Annual General Meeting	Saturday, July 20, 2019 at 12:00 Noon at the Auditorium situated at Registered Office of the Company at Renigunta - Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh- 517 520
Financial calendar (tentative):	Financial Year - April to March First Quarter Results -Mid of August 2019* Half-yearly Results - Mid of November 2019* Third Quarter Results -Mid of February 2020* Results for the year ending March 31, 2020 - last week of May 2020* *Provisional

Dividend for FY 2018-19	<b>Interim Dividend:</b> The Company paid interim dividend of ₹2 per share (200%) on November 30, 2018. <b>Final Dividend:</b> The Board recommended a final dividend of ₹5.08 per share (508%) subject to approval of the members at the Annual General Meeting.
Book Closure	July 15, 2019 to July 20, 2019 (both days inclusive)
Dividend Payment date(s)	Final Dividend: On or before August 19, 2019
Listing of shares on stock exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai 400 051 BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001 Listing fees for the financial year 2019-20 have been paid to all the above stock exchanges.
Stock Code/Script Code	NSE : AMARAJABAT BSE : 500008
Corporate Identity Number (CIN)	L31402AP1985PLC005305
International Securities Identification Number (ISIN) for equity shares of ₹1 each under Depository System	INE885A01032
Market Price Data High, Low during each month in last Financial year	Please see <b>Annexure B</b>
Performance of the Company's share price vis-à-vis-Sensex	Please see <b>Annexure B</b>
Registrar and Share Transfer Agents (RTA)	For shares related matters, the shareholders are requested to correspond with the RTA of the Company quoting their Folio Number or Client ID and DP ID at the following address: Cameo Corporate Services Limited Unit: Amara Raja Batteries Limited V Floor, Subramanian Building No.1, Club House Road Chennai - 600002 Tel : 91 44 28460390 Fax : 91 44 28460129 E-mail : investor@cameoindia.com Website : <a href="http://www.cameoindia.com">www.cameoindia.com</a>
Share Transfer System	All the valid transfers received are processed and approved by the Share Transfer and Stakeholders Relationship Committee by circular resolutions. Effective from April 1, 2019, no share transfers in physical form shall be processed or accepted by the Company or Registrar and share transfer agents.
Distribution of Shareholding and Shareholding Pattern as on March 31, 2019	Please see <b>Annexure C</b>
Dematerialization of Shares and Liquidity	97.82% of the equity shares of the Company were dematerialized as on March 31, 2019.
Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity	The Company has not issued any GDR/ ADR/Warrants and convertible instruments.
<b>Plant Location(s)</b>	The Company's plants are located at a) Renigunta - Cuddapah Road, Karakambadi Tirupati, Andhra Pradesh 517 520 b) Nunegundlapalle Village, Bangarupalayam Mandal, Chittoor District, Andhra Pradesh 517 416
Address for correspondence	Amara Raja Batteries Limited Terminal A, 1-18/1/AMR/NR Nanakramguda, Gachibowli, Hyderabad 500 032 Tel : 91 40 23139000 Fax : 91 40 23139001 E-mail : investorservices@amararaja.com Website : <a href="http://www.amararajabatteries.com">www.amararajabatteries.com</a>
Credit ratings obtained by the entity along with any revisions thereto during the relevant financial year	Rating of Bank loans facilities for ₹185 crores: Long Term Rating : CRISIL AA+/stable Short Term Rating : CRISIL A1+ No other debt instruments or any fixed deposit programme or any scheme or proposal involved mobilization of funds were issued or undertaken by the Company during the financial year.



## 10. Other Disclosures

### Disclosure of related party transactions

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with the related parties are in compliance with Section 188 of the Act and Regulation 23 of the Regulations.

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large. The details of the related party transactions entered during the year and disclosures as required by the Indian Accounting Standards (IND AS 24) are disclosed in the note 34 of notes forming part of the financial statements.

The Board of Directors approved a policy on dealing with related party transactions. The policy lays down the criteria for determining the materiality of transactions. The said policy has been posted on the Company's website at the following link <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

### Compliance(s) of matters relating to Capital Market

The Company has complied with all applicable rules and regulations prescribed by stock exchanges (NSE/BSE), Securities and Exchange Board of India (SEBI) or any other statutory authority relating to the capital markets. No penalties or strictures have been imposed on the Company in the last 3 years.

### Whistle Blower Policy/Vigil Mechanism

The Company has established a whistle blower policy/vigil mechanism to provide an avenue to raise concerns. The mechanism provides, for adequate safeguards against victimization of employees who avail of it, and also for appointment of an Ombudsperson who will deal with the complaints received. The policy also lays down the process to be followed for dealing with complaints and in exceptional cases, also provides for direct appeal to the Chairperson of the Audit Committee. No personnel had been denied access to the Audit Committee. The said policy has been posted on the Company's website at the following link <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

### Code of conduct for prevention of insider trading

The Company has adopted a code of conduct for prevention of Insider Trading (Insider Trading Code) in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading code which is applicable to all directors and designated employees lays down guidelines and procedures to be followed and disclosures to be made while dealing in the securities of the Company and non-consequences of violation. Mr. M R Rajaram, Company Secretary was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code. Reports on matters related to insider trading code are reported to the Audit Committee on a quarterly basis.

### Disclosure of commodity price risks and hedging activities

As the Company is not engaged in commodity business, commodity risk is not applicable. The foreign exchange risk is being managed/hedged to the extent considered necessary. The Company had not entered into any forward contracts for any foreign exchange risks during the year under review.

The Company has complied with the requirements of sub-paras (2) to (10) of Schedule V of the Regulations.

### Utilization of funds raised through preferential allotment or qualified institutions placement.

The Company has not raised any funds through preferential allotment or qualified institutions placement during the financial year ended March 31, 2019.

### Certificate from a company secretary in practice with regard to disqualification of directors

A certificate from M/s. R Sridharan & Associates, practicing company secretary certifying that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority and certificate is annexed to this report as **Annexure D**.

### Details of recommendation of any committee of the Board which are not accepted by the Board

The Board of directors accepted all the recommendation(s) of the Committees of the Board during financial year ended March 31, 2019.

**Details of fees paid to the joint statutory auditor(s) and all entities in the network firm/network entity of which the each of the joint statutory auditor is a part for the financial year ended March 31, 2019**

₹ Crores

Particulars	FY 2018-19
Statutory audit fees	0.70
Limited Review fees	0.15
Tax audit fees	0.05
Reimbursement of Expenses	0.04

**Disclosure of complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Particulars	FY 2018-19
No. of complaints on sexual harassments received during the year	Nil
No. of complaint disposed off during the year	NA
No. of cases pending as on at end of the financial year	Nil

**11. Details of compliance with mandatory requirements and adoption of Discretionary Requirements**

The Company has complied with the mandatory requirements of the Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With regard to the non-mandatory requirements the Company has complied to the extent stated below:

a. Board	The Company has a separate office maintained for the Non-Executive Chairman.
b. Shareholder rights	Quarterly financial results are published in leading newspapers, viz. The Business Line, Business Standard and vernacular – Eenadu, Andhra Jyothi and Vaartha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.
c. Modified opinion(s) in Annual Report	The financial statements for the financial year ended March 31, 2019 were with unmodified audit opinion
d. Separate posts of Chairman and CEO	The Company has a separate post of Chairman
e. Other Non-Mandatory Requirements:	The Company would be progressively adopting the other non-mandatory requirements

**12. The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:**

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to subsidiaries of listed entity	Yes*
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
46 (2) (b) to (i)	Disclosures on website	Yes

\* The subsidiary Company has not commenced its operations, as such the compliance requirements of Regulations 24(2),(3),(4),(5) & (6) does not arise.

### 13. Disclosure of Accounting Treatment

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013.

### 14. Risk Management

During the year, the risk assessment parameters were reviewed and modified, wherever needed. The audit committee reviewed the elements of risk and the steps taken to mitigate the risks. In the opinion of the Board, there are no major elements of risk which has the potential of threatening the existence of the Company.

### 15. During the year under review, the Company had not raised any money from public issue, rights issue, preferential issue or any other issues.

### 16. The Management Discussion and Analysis Report have been included separately forming part of the Annual Report.

### 17. Compliance on Corporate Governance

The quarterly compliance report has been submitted to the stock exchanges where the Company's equity shares are listed in the requisite format duly signed by the Company Secretary. Pursuant to Schedule V of the Regulations, the Practising Company Secretary's Certificate regarding compliance of conditions of Corporate Governance is annexed to this report as Annexure E.

### 18. Disclosures with respect to unclaimed suspense account:

The following is the reconciliation of the unclaimed shares in the "Amara Raja Batteries Limited -Unclaimed Suspense Account" (suspense account).

Particulars	Number of shareholders	Number of equity shares
Aggregate number of equity shareholders and the outstanding shares of ₹1 each in the suspense account lying as on April 1, 2018	45	95,000
Number of equity shareholders who approached the Company for transfer of shares of ₹1 each from the suspense account	6	16,500
Number of equity shareholders to whom shares were transferred from suspense account during the year	6	16,500
Number of equity shareholders whose shares were transferred to Investor Education and Protection Fund (IEPF) during the year	4	4,500
Aggregate number of equity shareholders and the outstanding shares of ₹1 each in the suspense account lying as on March 31, 2019	35	74,000

The voting rights on the shares outstanding in the Suspense account as on March 31, 2019 are frozen till a claim from the rightful owner of such shares is received.

### 19. Other requirements/Information

#### Dividend Policy

Dividends, other than interim dividend(s), are to be declared at the Annual General Meetings based on the recommendation of the Board of Directors. As required under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors at its meeting held on May 15, 2019 had amended and enhanced the existing dividend distribution payout from 15% to 30% of the profit after tax (PAT). Accordingly, every year the Company would pay the dividend amount upto 30% of the profit after tax (PAT) to all the eligible shareholders.

#### Transfer of unclaimed dividend

During the year under review, an amount of ₹17,41,938 being unclaimed final dividend(s) pertaining to the financial year 2010-11 was transferred to IEPF on September 18, 2018.

Members who have not yet encashed their final dividend from the financial year 2011-12 onwards are requested to make their claims without any delay to M/s. Cameo Corporate Services Limited, Registrar and Share Transfer Agents (RTA) of the Company for claiming the unclaimed/unpaid dividends.

Following table gives information relating to due dates for transfer of unclaimed/unpaid dividends to IEPF:

Financial Year	Date of Declaration	Unclaimed dividend as on March 31, 2019 (₹)	Due Date of Transfer to IEPF
2011-12	August 14, 2012	2,449,432.44	September 19, 2019
2012-13	August 14, 2013	3,347,734.32	September 19, 2020
2013-14	August 06, 2014	4,222,905.23	September 11, 2021
2014-15	August 14, 2015	4,535,113.04	September 19, 2022
2015-16 (Interim dividend)	March 15, 2016	5,294,123.00	April 20, 2023
2016-17	August 07, 2017	5,679,525.75	September 12, 2024
2017-18 (Interim Dividend)	November 09, 2017	2,628,918.00	December 15, 2024
2017-18	August 11, 2018	1,302,548.95	September 15, 2025
2018-19 (Interim Dividend)	November 9, 2018	3,242,580.00	December 15, 2025

As required under the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, (rules) the Company uploaded on the Company's website [www.amararajabatteries.com](http://www.amararajabatteries.com) the particulars of unclaimed dividend as on August 11, 2018 with information containing the names, addresses of the person entitled to receive the amount, nature of amount, due date for transfer to IEPF and such other information as required by the rules. The same is also available on the IEPF's website [www.iepf.gov.in](http://www.iepf.gov.in)

All shareholders, whose dividend remains unpaid/ unclaimed, are requested to refer the same on the Company's website or on [www.iepf.gov.in](http://www.iepf.gov.in) and lodge their claim to RTA by submitting an application in writing and supported by a deed of indemnity immediately.

## ANNEXURE A

# DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a code of conduct for all the Board Members and Senior Management Personnel of the Company. The code of conduct has also been posted on the website of the Company.

It is further confirmed that all Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2019.

Place: Hyderabad  
 Date: May 15, 2019

**Jayadev Galla**  
 Vice Chairman &  
 Managing Director

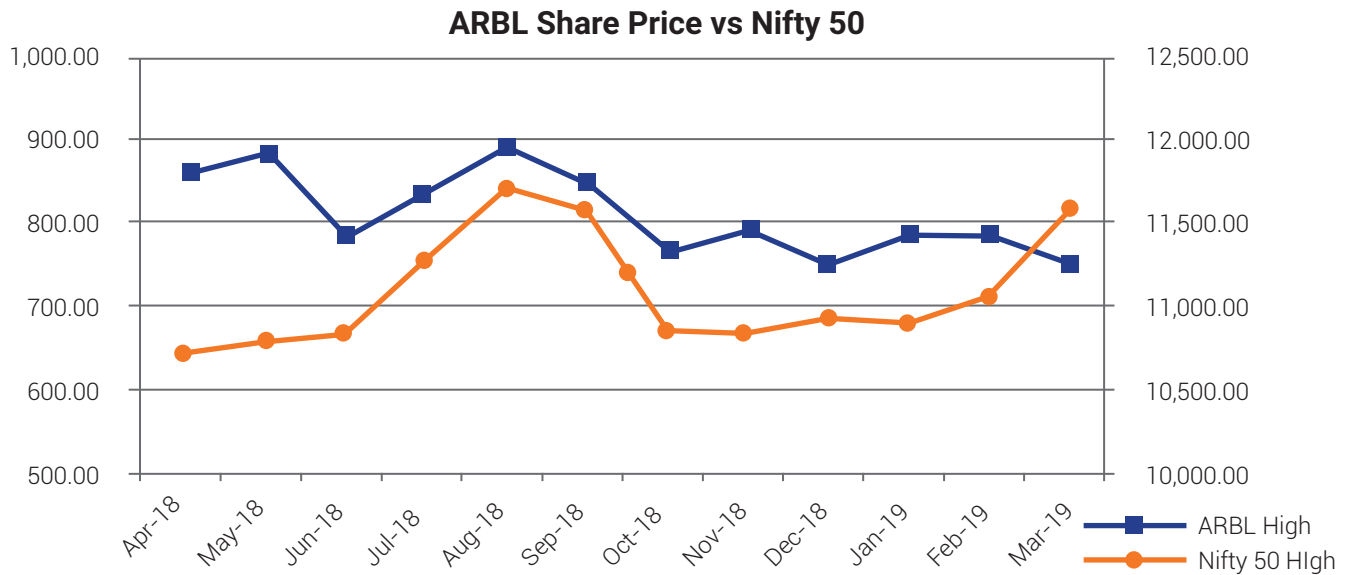
## ANNEXURE B

High, Low prices (based on closing prices) of the Company's shares traded on NSE and BSE and performance of BSE Sensex and S&P CNX Nifty during the period from April 1, 2018 to March 31, 2019 are furnished below:

Month	NSE		Nifty 50		BSE		Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2018	861.40	798.45	10,704.60	10,111.30	861.75	798.00	35,004.00	32,972.56
May 2018	888.45	774.45	10,781.40	10,417.80	888.30	776.60	35,497.92	34,302.89
June 2018	786.30	726.15	10,842.65	10,550.90	785.65	725.50	35,715.96	34,784.68
July 2018	831.70	746.35	11,267.75	10,604.65	829.60	744.75	37,298.75	35,106.57
August 2018	891.80	810.00	11,710.50	11,234.95	892.50	812.05	38,760.58	37,128.99
September 2018	845.50	739.95	11,567.40	10,850.30	845.45	739.35	38,270.01	35,985.63
October 2018	772.30	719.35	10,843.75	10,004.55	770.10	719.35	35,960.65	33,291.58
November 2018	790.80	709.25	10,835.10	10,341.90	787.65	709.25	36,082.97	34,303.38
December 2018	749.35	697.45	10,928.00	10,333.85	749.30	696.70	36,381.87	34,426.29
January 2019	785.20	716.00	10,885.75	10,583.65	781.25	713.55	36,351.77	35,375.51
February 2019	783.40	716.90	11,043.60	10,585.65	782.95	717.10	36,898.80	35,287.16
March 2019	750.60	707.50	11,570.15	10,817.00	751.55	706.70	38,546.68	35,926.94

#### Performance of the Company's share price vis-à-vis-Nifty 50

A comparative line chart showing performance of share price (Closing High) of the Company on NSE with NSE Nifty 50 (Closing High) during the financial year 2018-19.



#### Performance of the Company's share price as at the beginning and end of the financial year 2018-19

Amount in ₹

Name of the Stock Exchange	NSE Close Price	BSE Close Price
Price as on April 1, 2018	810.60	810.75
Price as on March 31, 2019	718.95	718.85
Change in Value (₹)	(90.65)	(91.80)
% Change	(11.18)	(11.32)

## ANNEXURE C

### Distribution of Equity Shareholding as on March 31, 2019

No. of shares held	No. of shares	Percentage to capital	No. of shareholders	Percentage to no. of shareholders
1 - 100	1,602,009	0.94	55,225	79.81
101 - 500	2,125,195	1.24	9135	13.20
501 - 1000	1,265,272	0.74	1648	2.38
1001 - 2000	2,572,119	1.51	1743	2.52
2001 - 3000	1,500,057	0.88	549	0.79
3001 - 4000	494,985	0.29	140	0.20
4001 - 5000	765,562	0.45	167	0.24
5001 - 10000	1,816,515	1.06	252	0.37
10001 and above	158,670,786	92.89	335	0.49
<b>Total</b>	<b>170,812,500</b>	<b>100.00</b>	<b>69,194</b>	<b>100.00</b>

### Mode of Holding as on March 31, 2019

Particulars	No. of shares	Percentage to capital	No. of shareholders	Percentage to no. of shareholders
Demat mode	16,70,86,030	97.82	67,076	99.41
Physical mode	37,26,470	2.18	399	0.59
<b>Total</b>	<b>17,08,12,500</b>	<b>100.00</b>	<b>67,475</b>	<b>100.00</b>

### Categories of Equity Shareholders as on March 31, 2019

Category	Number of Shares held	Percentage of holding
Promoters	88,927,452	52.06
Mutual Funds	14,558,700	8.52
Alternate Investment Funds	1,519,485	0.89
Banks/Financial Institutions	1,559,152	0.91
Foreign Portfolio Investor/ Foreign Institutional Investors	33,095,262	19.38
State Government/Central Government	626,785	0.37
Indian Public – Individuals	14,871,775	8.71
Bodies Corporate	6,215,575	3.64
Clearing Members	823,963	0.48
Hindu Undivided Families	380,372	0.22
Non Resident Indians	6,420,734	3.76
Trusts	983,216	0.58
Foreign Portfolio Investor (Individual) Category III	300	0.00
Investor Education and Protection Fund (IEPF)	755,729	0.44
Others – Unclaimed Suspense Account	74,000	0.04
<b>Total</b>	<b>170,812,500</b>	<b>100.00</b>

**ANNEXURE D****Pursuant to Regulation 34 (3) read with Schedule V Para-C Sub clause (10) (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Members

**Amara Raja Batteries Limited**

CIN: L31402AP1985PLC005305

Renigunta-Cuddapah Road

Karakambadi, Tirupati-517520

We have examined the relevant books, papers, minutes books, forms and returns filed, notices received from the Directors during the financial year under review and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives of Amara Raja Batteries Limited (CIN: L31402AP1985PLC005305) having its Registered Office at Renigunta-Cuddapah Road, Karakambadi, Tirupati-517520 (hereinafter referred to as "The Company") for the purpose of issue of a certificate, in accordance with Regulation 34 (3) read with Schedule V Part-C Sub clause 10 (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 as amended vide Notification No: SEBI/LAD-NRO/GN/2018/10 dated May 9, 2018 issued by the Securities and Exchange Board of India.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose issue of this certificate and based on such verification as considered necessary, we hereby certify that None of the Directors as stated below on the Board of the Company as on 31<sup>st</sup> March 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI (Board)/Ministry of Corporate Affairs or any such other statutory authority.

S.No.	DIN No.	Name of the Director	Designation
1	00133761	Galla Ramachandra Naidu	Non-Executive - Non Independent Director- Chairman
2	00143610	Galla Jayadev	Managing Director
3	08032189	Marc David Andraca*	Non-Executive - Non Independent Director
4	08167880	Claudio Morfe*	Non-Executive - Non Independent Director
5	00034389	Nagarjun Valluripalli	Non-Executive - Independent Director
6	00025063	Sri Vishnu Raju Nandyala	Non-Executive - Independent Director
7	01143563	Narayanaswamy Tharmapuram Ramachandran	Non-Executive - Independent Director
8	00185929	Bhairavi Tushar Jani	Non-Executive - Independent Director

\* Marc David Andraca and Mr. Claudio Morfe resigned as Directors with effect from April 30, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **R. SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

Place: Chennai  
Date: May 15, 2019

**CS R. SRIDHARAN**  
CP No. 3239  
FCS No. 4775  
UIN : S2003TN063400

**ANNEXURE E****CORPORATE GOVERNANCE CERTIFICATE**

The Members

**Amara Raja Batteries Limited**

Renigunta Cuddapah Road

Karakambadi

Tirupati – 517520

We have examined all relevant records of **Amara Raja Batteries Limited**, having its Registered Office at Renigunta-Cuddapah Road, Karakambadi, Tirupati – 517 520, for the purpose of certifying compliance of the conditions of Corporate Governance under Regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March, 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Management, we certify that the Company has complied regarding the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March, 2019.

For **R. SRIDHARAN & ASSOCIATES**  
COMPANY SECRETARIES

Place: Chennai  
Date: May 15, 2019

**CS R. SRIDHARAN**  
CP No. 3239  
FCS No. 4775  
UIN : S2003TN063400



## ANNEXURE IV

**BUSINESS REPOSNSIBILITY REPORT**  
**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1.	Corporate Identity Number (CIN) of the Company	L31402AP1985PLC005305
2.	Name of the Company	Amara Raja Batteries Limited
3.	Registered address	Renignuta-Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh, India
4.	Website	www.amararajabatteries.com
5.	E-mail id	investorservices@amararaja.com
6.	Financial Year reported	March 31, 2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Group 272* - Manufacture of batteries and accumulators
		*As per National Industrial Classification – Ministry of Statistics and Programme Implementation
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Batteries for Automotive and Industrial Application(s).
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations	42 countries (Distributors)
	(b) Number of National Locations	<b>Plant Locations:</b>
		a) Renigunta - Cuddapah Road, Karakambadi Tirupati Andhra Pradesh 517 520
		b) Nunegundlapalle Village Bangarupalayam Mandal, Chittoor District Andhra Pradesh 517 416
		<b>Distribution Network:</b>
		Present across PAN India through franchisees and dealers.
10.	Markets served by the Company – Local/ State/ National/International	National & International

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- |  |  |
|--|--|
| 1. Paid up Capital (INR)   | ₹ 17.08 crores   |
| 2. Total Turnover (INR)  | ₹ 6,793.11 crores  |
| 3. Total profit after taxes (INR)  | ₹ 483.49 crores  |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | The Company's total spending on CSR for the year ended March 31, 2019 was ₹ 14.70 crores which is 3.04% of the profit after tax. |
| 5. List of activities in which expenditure in 4 above has been incurred                          | Please refer Annexure VI to Director's Report for CSR related information and also CSR section in the annual report.             |

## SECTION C: OTHER DETAILS

- |   |  |
|---|--|
| 1. Does the Company have any Subsidiary Company/ Companies?   | Yes  |
| 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)  | No   |
| 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | The Company has not mandated any supplier, distributor etc., to participate in BR Initiatives of the Company. However, they are encouraged to adopt Business Responsibility initiatives and follow the concept expected of responsible businesses. |

## SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

### (a) Details of the Director/Director responsible for implementation of the BR policy/policies

DIN Number	00143610
Name	Mr. Jayadev Galla
Designation	Vice Chairman and Managing Director

### (b) Details of the BR head

DIN Number (if applicable)	-
Name	Mr. S Vijayanand
Designation	Chief Executive Officer
Telephone number	040-23139000
e-mail id	vnand@amararaja.com

**2. Principle-wise (as per NVGs) BR Policy/policies**

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3 Businesses should promote the well-being of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect, protect, and make efforts to restore the environment
- P7 Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

### 3. Principle-wise (as per NVGs) BR Policy/policies

Sl No.	Details of compliance (Reply in Y/N)	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics, Transparency and Accountability	Product life cycle sustainability	Employment Well-being	Stakeholders Engagement	Human Rights	Environment	Policy Advocacy	Community Development	Customer Value
1	Do we have a policy/policies for....	Yes This forms part of the Code of Conduct of the Company which is applicable to all employees.	Yes Health, Safety and Environment, (HSE) Policy is addressing product life cycle sustainability.	Yes There are various policies for the benefit of the employees which are issued by the Human Resources function of the Company from time to time. The policies include Leave Policy, Road Safety Policy, Group Mediclaim Policy, etc.	Yes The Company does not have a specific policy, however certain aspect of this principle forms part of the CSR Policy and the Consumer Policy.	Yes This forms part of the Code of Conduct of the Company which is applicable to all employees.	Yes This forms part of the Company's HSE Policy.	No	Yes The Company has a CSR Policy.	Yes The Company has a Consumer Policy.
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes the policy is in line with national standards	Yes the policy is in line with national standards	Yes the policy is in line with national standards	Yes the policy is in line with national standards	Yes the policy is in line with national standards	Yes the policy is in line with national standards	NA	Yes the policy is in line with national standards	Yes the policy is in line with national standards
4	Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Code of Conduct comprising of these principles has been approved by the Board	Environment policy is approved by CEO	HR Policies are approved by President-HR, The Executive Committee comprising of senior management and relevant stakeholders are consulted engaged in framing/ modification of HR policies.	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by Managing Director	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by Managing Director	Environment policy is approved by CEO	NA	Yes	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by Managing Director

Sl No.	Details of compliance (Reply in Y/N)	P1 Ethics, Transparency and Accountability	P2 Product life cycle sustainability	P3 Employment Well-being	P4 Stakeholders Engagement	P5 Human Rights	P6 Environment	P7 Policy Advocacy	P8 Community Development	P9 Customer Value
5	Does the company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy?	Yes	The responsibility of the implementation of policies and their review primarily lies with the respective business/ function head	The responsibility of the implementation of policies and their review primarily lies with the respective business/function head.	The responsibility of the implementation of policies and their review primarily lies with the respective business/ function head	The responsibility of the implementation of policies and their review primarily lies with the respective business/ function head	The responsibility of the implementation of policies and their review primarily lies with the respective business/ function head	NA	Yes	The responsibility of the implementation of policies and their review primarily lies with the respective business/ function head
6	Indicate the link for the policy to be viewed online?	<a href="https://www.amararajabatteries.com/investors/corporate-governance-policies">https://www.amararajabatteries.com/investors/corporate-governance-policies</a>	View restricted to the respective stakeholders	View restricted to the respective stakeholders	View restricted to the respective stakeholders	View restricted to the respective stakeholders	View restricted to the respective stakeholders	NA	<a href="https://www.amararajabatteries.com/investors/corporate-governance-policies">https://www.amararajabatteries.com/investors/corporate-governance-policies</a>	View restricted to the respective stakeholders
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, policies have been communicated to the respective stakeholders	Yes, policies have been communicated to the respective stakeholders	Yes, all policies are placed on the intranet of the Company. New employees are given a formal induction on these policies.	Yes, policies have been communicated to the respective stakeholders	Yes, policies have been communicated to the respective stakeholders	Yes, policies have been communicated to the respective stakeholders	NA	Yes, policies have been communicated to the respective stakeholders	Yes, policies have been communicated to the respective stakeholders
8	Does the company have in-house structure to implement the policy/ policies.	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes

SI No.	Details of compliance (Reply in Y/N)	P1 Ethics, Transparency and Accountability	P2 Product life cycle sustainability	P3 Employment Well-being	P4 Stakeholders Engagement	P5 Human Rights	P6 Environment	P7 Policy Advocacy	P8 Community Development	P9 Customer Value
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The whistle blower mechanism provides employees to report any concern or grievances pertaining to any potential or actual violation of the Company's code of conduct.		Policy grievances pertaining to employee well-being related concerns are handled by the respective business HR managers. Further an annual communication meet with senior management team is a forum to raise any grievances or concerns of the employees of the Company.	The continuous engagement with the customers, suppliers, channel partners and annual channel partners meet enables the Company to capture and address their concerns and grievances, if any. An investor grievance mechanism is in place to respond to the grievances of the investors.	Policy grievances pertaining to employee well-being related concerns are handled by the respective business HR managers. Further an annual communication meet with senior management team is a forum to raise any grievances or concerns of the employees of the Company.	The HSE departments take care of all grievances, if any,	NA	NA	The customer complaints mechanism addresses the grievances of the customers on product quality, service, warranty and other related issues
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Quality, Safety & Health and Environmental policies are subject to internal and external audits as a part of certification process. Audit observations and suggestions are part of the inputs in revising and improving the processes.								

#### 4. Governance related to BR

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The BR performance of the Company is regularly assessed by the Executive Committee comprising of senior management personnel. However, there is no specific frequency.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes. The Company publishes BR report annually and the same forms part of annual report, which can be accessed in the Company's website i.e [www.amararaja.co.in](http://www.amararaja.co.in)

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

The policy relating to ethics, bribery and corruption extends beyond our Company employees, both permanent and temporary, Directors and also covers the Amara Raja group of Companies.

The Company has adopted a Code of conduct applicable to the Board of Directors and senior management personnel of the Company. The members of the Board of Directors and the members of the Senior Management of the Company are required to affirm on an annual compliance of this code. This Code requires the Directors and senior management personnel of the Company to act honestly, ethically and with integrity. The Code guides the Directors and senior management personnel to conduct themselves in professional, courteous and respectful manner and also to ensure their independent judgement is not impacted.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Vigil Mechanism Policy serves as a mechanism for its Directors and employees to report any genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct. The Company has not received any significant complaints from stakeholders in the previous financial year. The normal grievances, complaints of the stakeholders are attended and resolved immediately.

#### Principle 2

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company manufactures batteries catering to requirements of Automotive and Industrial application. The Company is committed to attainment of environmental and economic benefits from efficient use of energy, water and raw materials. The Company uses non conventional energy in producing the products. The Company ensures compliance requirements of the law that relate to products and services, environmental aspects and occupational hazards.

The company designs, develops and supplies products for

1. Renewable energy storage (Green Energy)/BESS
2. Electric Mobility (e-Rickshaw/e-Auto)- Using Li-Ion & Lead acid technologies
3. High Wattage series batteries for UPS by optimizing size, weight & cost.
4. Automotive-SLI batteries with advanced designs/materials to enhance safety, life & reduce maintenance.

5. Advanced AGM&EFB for Automotive Start-Stop application
6. Hi-Life batteries with quick recharge ability for Telecom Towers with attractive TCO to save/limit/eliminate diesel Generation & time leading to CO<sup>2</sup> Reduction and saving fossil fuels
7. Developed corrosion resistive, weight optimized & enhanced performance products for 2W using advanced manufacturing technology

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

**a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The Company continuously strives to optimize the manufacturing process thereby effectively utilizing/reducing the consumption of the raw materials. The Company has reduced the consumption of lead ranging from 2% to 5% per battery for various products in both industrial and automotive battery division.

**b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

In line with the Company's commitment towards conservation of energy, all its manufacturing units continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. The company increased the usage of solar power by 2.3 times during the year when compared with previous year FY18 at Nunegundlapalle Village, Bangarupalayam Mandal, Chittoor District, Andhra Pradesh 517 416. This ensures use of clean energy and also entails power at low cost.

The Company undertakes various projects to improve green cover and rain water harvesting ponds in the manufacturing plants. The increase in green cover would help in keeping the surrounding at a lesser temperature than surroundings and also helps in reducing the ambient noise levels and air pollution from the operations. Rain water harvesting ponds would help in the improving the water ground levels.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

- a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company endeavours to focus on protection of environment, stakeholders' interest and cost effectiveness while procuring any raw material or goods. The main raw materials – lead, separators are procured from manufacturers / producers who are well reputed global players. Adequate steps are taken for safety during transportation and optimization of logistics, which, in turn, help to mitigate the impact on climate.

The Company explored the multi-modal transport system as an alternative mode of transport to Northern markets, forged relations with eight fleet owners brokered vehicle arrangements, which helped to reduce the transit time and safe transportation with minimum transit loss and optimized the logistics cost

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

- a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company encourages procurement of raw materials (B and C items) and avail services from the local vendors who are in close proximity to the Company's plants and region, which helps us to reduce cost, lead time. The Company is in continuous communication with the local and small vendors to improve their capacity to meet the procurement requirements of the Company.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The Company endeavors to manage the environmental impacts of organizational activities, products and services. The Company uses recycled lead in the manufacture of the products and has in place a structure to collect the used batteries and recycle the same at the approved vendors. The Company has systems in place to mitigate the exposure risk of hazardous materials during manufacturing, application and disposal at all our plants.



**Principle 3****1. Please indicate the Total number of employees**

The Company has 7541 employees as on March 31, 2019 including employees hired on temporary basis

**2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis.**

The Company do not hire employees on contractual or casual basis.

**3. Please indicate the Number of permanent women employees**

The Company has 439 permanent women employees as on March 31, 2019.

**4. Please indicate the Number of permanent employees with disabilities**

The Company has 19 permanent employees with disabilities.

**5. Do you have an employee association that is recognized by management**

The Company has an employee association recognized by management.

**6. What percentage of your permanent employees is members of this recognized employee association?**

We follow an unique and matured model of Association. This Association is run in its true spirit, participated by employees from various sections and the Management. Issues related to employees are discussed and addressed suitably with a macro view of entire organization.

The horizon of collaborative effort of Management and Association is not just confined to Policies, Practices and processes, it takes care of reinforcing Core Values, progressively building culture of Institution.

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

a. Permanent Employees	88%
b. Permanent Women Employees	89%
c. Casual/Temporary/Contractual Employees	NA
d. Employees with Disabilities	82%

**Principle 4****1. Has the company mapped its internal and external stakeholders? Yes/No**

The Company has mapped its key internal and external stakeholders

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders**

Yes the Company has identified the disadvantaged, vulnerable & marginalized stakeholders.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company builds a lasting relationship with all the stakeholders, internal and external, through meaningful discussions. This process helps us review the actions, rethink the roadmaps, redress grievances and recognize new venues of growth for all the stakeholders.

The details of engagements platforms for each stakeholders are as follows:

Key Stakeholders	Engagement Platforms
Employees	Intranet, Communication Meeting, Training Programs, Annual health check-ups, celebrations, in-house publications
Investors and Shareholders	Quarterly results, Annual Reports, Earnings call, Analyst meet, press releases
Society	Rajanna Trust, KECA
Customers & Partners	<b>Customers:</b> Regular business meetings, Customer satisfaction survey
	<b>Franchisees/Channel partners/ Suppliers:</b> Regular business meetings and annual meet

### Principle 5

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company remains committed to respect and protect human rights. The Company's Code of Conduct & Ethics and the HR policies and processes adequately addresses these aspects. The Company does not hire child /forced or involuntary labour. All the employees are treated in a just, fair and equal manner. This practice extends across the Amara Raja Group of Companies.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any complaints in the last financial year.

### Principle 6

**1. Does the policy relate to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

The Company has well-defined policies/principles in place relating to Health, Safety and Environment. These policies foster utmost employee safety and wellbeing which not only takes care of the wellness of employees but also the environment. The policy and principles are communicated to the relevant external stakeholders. At present, these policies are applicable to the company only.

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources. In line with the Company's commitment towards conservation of energy, all its manufacturing units continue with their efforts aimed at improving energy efficiency through innovative measures to reduce wastage and optimize consumption. The Company has started to record the emission of Green House Gases as per ISO 14064:2006 and action plan is being arrived at for the reduction of the same.

The Company has installed 6.3 MW to generate clean electrical energy in second location at Nunegundlapalle Village, Bangarupalayam Mandal, Chittoor District, Andhra Pradesh 517 416 and increased the solar power usage by 2.3 times during

this year when compared with previous year FY18 usage. This ensures use of clean energy and also entails power at low cost.

**3. Does the company identify and assess potential environmental risks? Y/N**

The Company has a mechanism to identify and assess risks which includes environmental related risks. The Company is certified with ISO 14001:2015 – Environment Management Systems.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company continues to include in its process to reduce the emission of greenhouses through utilization of clean energy, wherever possible. The Company has started to record the emission of Green House Gases as per ISO 14064:2006 and action plan is being arrived at for the reduction of the same.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Company has installed 6.3 MW to generate clean electrical energy in second location at Nunegundlapalle Village, Bangarupalayam Mandal, Chittoor District, Andhra Pradesh 517 416 and increased the solar power usage by 2.3 times during this year when compared with previous year FY18 usage. This ensures use of clean energy and also entails power at low cost.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

The emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There are no legal notices from CPCB/SPCB are pending as on end of financial year.

**Principle 7**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. Confederation of Indian Industry (CII)
- b. Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI)
- c. Federation of Indian Export Organisation (FIEO)
- d. Engineering Export Promotion Council (EEPC)
- e. Employers' Federation of Southern India (EFSI)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company is represented on the governing bodies and several committees – both at the state and national levels of CII and through these forums the Company actively participates in various issues concerning business and society.

## Principle 8

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company has undertaken projects covering developing the rural infrastructure, schools and colleges in the villages of Pettamitta and Diguamagham Villages of Chittoor District. The Company strongly believes in the true spirit of giving back to the society a certain percentage of the profits were contributed to the Rajanna Trust, a vehicle for carrying the CSR activities of the Company. The Company has a well-defined CSR policy which is in line with the provisions of the Companies Act, 2013. The report on the CSR projects carried by the Company is annexed to the Director's Report.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Company, through Rajanna Trust undertakes various CSR initiatives, which are monitored by a dedicated internal team of the Company at periodic intervals.

**3. Have you done any impact assessment of your initiative?**

The Company is in the process of conducting an impact assessment of the CSR initiatives.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Company has spent Rs. 14.70 crores on the CSR Activities during the financial year 2018-19. The amount was spent on areas as mentioned in Annexure VI to the Director's Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so**

The main focus of the CSR policy of the Company is on health, education, environment and rural development. The various initiatives taken in these areas have a positive impact on the stakeholders surrounding the communities where such community development programs were undertaken by the Company.

## Principle 9

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

A well-established system is in place for dealing with customer feedback and complaints. All complaints are appropriately addressed and resolved, in most of the cases at the earliest. As at the end of the financial year, there were negligible percentage of unresolved complaints, compared to size of the Company.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

The Company displays product information on the products label as required and mandated by the local laws.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There were no cases against the Company in relation to unfair trade practices, irresponsible advertising and/or Anti-competitive behavior during the past five years and there are no pending cases as on March 31, 2019.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Consumer survey/Consumer satisfaction survey is being conducted periodically to assess the consumer satisfaction levels.

## ANNEXURE V

## FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN  
AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

1	CIN	L31402AP1985PLC005305
2	Registration Date	February 13, 1985
3	Name of the Company	Amara Raja Batteries Limited
4	Category / Sub-Category of the Company	Public Company/ Company having share capital
5	Address of the Registered office and contact details	Renigunta-Cuddapah Road, Karakambadi, Tirupati - 517520 Tel: 91 877 226 5000 Fax: 91 877 228 5600 E-mail: investorservices@amararaja.com Website: www.amararajabatteries.com
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited Unit: Amara Raja Batteries Limited V Floor, No. 1, Subramanian Building Club House Road, Chennai - 600002 Tel : 91 44 28460390 Fax : 91 44 28460129 E-mail : investor@cameoindia.com Website: www.cameoindia.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are as follows:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Batteries and Accumulators	27201	95.84

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Amara Raja Batteries Middle East (FZE) SAIF OFFICE P8-15-84 P.O. Box 124018 Sharjah, U.A.E	11257	Subsidiary	100	2(87)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**a. Category-wise Share Holding**

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a. Individual/ HUF	-	-	-	-	-	-	-
b. Central Government	-	-	-	-	-	-	-
c. State Government	-	-	-	-	-	-	-
d. Bodies Corporate	44,516,202	-	44,516,202	44,516,202	-	44,516,202	26.06
e. Banks / FI	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-
<b>Sub-total (A) (1):</b>	<b>44,516,202</b>	<b>-</b>	<b>44,516,202</b>	<b>44,516,202</b>	<b>-</b>	<b>44,516,202</b>	<b>26.06</b>
<b>(2) Foreign</b>							
a) NRIs -Individuals	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-
c) Bodies Corporate	44,411,250	-	44,411,250	44,411,250	-	44,411,250	26.00
d) Banks / FI	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-
<b>Sub-total (A) (2):</b>	<b>44,411,250</b>	<b>-</b>	<b>44,411,250</b>	<b>44,411,250</b>	<b>-</b>	<b>44,411,250</b>	<b>26.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>88,927,452</b>	<b>-</b>	<b>88,927,452</b>	<b>88,927,452</b>	<b>-</b>	<b>88,927,452</b>	<b>52.06</b>
<b>B. Public Shareholding</b>							
<b>1. Institutions</b>							
a) Mutual Funds	16,075,758	9,000	16,084,758	14,549,700	9,000	14,558,700	8.52 (0.90)
b) Banks / FI	2,013,278	6,000	2,019,278	1,554,652	4,500	1,559,152	0.91 (0.27)
c) Central Government	531,761	-	531,761	626,785	0	626,785	0.37 0.06
d) State Government	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-
Foreign Portfolio Investors	32,405,331	1,500	32,406,831	33,093,762	1,500	33,095,262	19.38 0.41
Alternate Investment Funds	631,810	-	631,810	1,519,485	0	1,519,485	0.89 0.52
<b>Sub-total (B)(1):</b>	<b>51,657,938</b>	<b>16,500</b>	<b>51,674,438</b>	<b>51,344,384</b>	<b>15,000</b>	<b>51,359,384</b>	<b>30.07 (0.18)</b>

**a. Category-wise Share Holding (contd.)**

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
<b>2. Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	4,783,889	16,514	4,800,403	2.81	6,199,075	16,500	6,215,575	3.64	0.83
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹2 lakh	13,674,124	1,103,242	14,777,366	8.65	12,437,488	889,988	13,327,476	7.80	(0.56)
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	1,078,914	-	1,078,914	0.63	1,544,299	0	1,544,299	0.90	(0.016)
<b>c) Others (specify)</b>									
Clearing members	79,871	-	79,871	0.05	823,963	0	823,963	0.48	0.43
Foreign nationals	-	-	-	-	-	-	-	-	-
Hindu Undivided Families	402,204	-	402,204	0.24	380,372	0	380,372	0.22	0.02
Non Resident Indians	4,159,395	2,804,982	6,964,377	4.08	3,615,752	2,804,982	6,420,734	3.76	(0.32)
Others - Unclaimed suspense account	95,000	-	95,000	0.06	74,000	0	74,000	0.04	(0.02)
Others - IEPF	739,255	-	739,255	0.43	755,729	0	755,729	0.44	0.01
Foreign Portfolio Investor (Individual) Category III	398	-	398	-	300	0	300	-	-
Trusts	1,272,852	-	1,272,852	0.75	983,216	0	983,216	0.58	(0.17)
<b>Sub-total (B)(2):</b>	<b>26,285,872</b>	<b>3,924,738</b>	<b>30,210,610</b>	<b>17.69</b>	<b>26,814,194</b>	<b>3,711,470</b>	<b>30,525,664</b>	<b>17.87</b>	<b>0.18</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>77,943,810</b>	<b>3,941,238</b>	<b>81,885,048</b>	<b>47.94</b>	<b>78,158,578</b>	<b>3,726,470</b>	<b>81,885,048</b>	<b>47.94</b>	-
<b>Total (A) + (B)</b>	<b>166,871,262</b>	<b>3,941,238</b>	<b>170,812,500</b>	<b>100.00</b>	<b>167,086,030</b>	<b>3,726,470</b>	<b>170,812,500</b>	<b>100.00</b>	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>166,871,262</b>	<b>3,941,238</b>	<b>170,812,500</b>	<b>100.00</b>	<b>167,086,030</b>	<b>3,726,470</b>	<b>170,812,500</b>	<b>100.00</b>	-

**b. Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1	RNGalla Family Private Limited	41,400,702	24.24	-	41,400,702	24.24	-	-
2	Mangal Industries Limited	3,115,500	1.82	-	3,115,500	1.82	-	-
3	Johnson Controls (Mauritius) Private Limited	44,411,250	26.00	-	44,411,250	26.00	-	-
		<b>88,927,452</b>	<b>52.06</b>	-	<b>88,927,452</b>	<b>52.06</b>	-	-

**c. Change in Promoters' Shareholding (please specify if there is no change)**

	At the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
At the beginning of the year	8,89,27,452	52.06	-	
No change during the year				
At the end of the year	-		8,89,27,452	52.06

**d. Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs and ADRs):**

Sl No. Top 10 Shareholders*	At the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>1. Nalanda India Equity Fund</b>				
<b>At the beginning of the year</b>	<b>10,544,935</b>	<b>6.17</b>		
Market purchases during the week ended				
July 6, 2018	112,605	0.07	10,657,540	6.24
October 12, 2018	386,000	0.23	11,043,540	6.47
October 19, 2018	114,000	0.07	11,157,540	6.53
October 26, 2018	139,720	0.08	11,297,260	6.61
November 2, 2018	505,232	0.30	11,802,492	6.91
November 9, 2018	17,300	0.01	11,819,792	6.92
January 11, 2019	551,487	0.32	12,371,279	7.24
February 1, 2019	34,245	0.02	12,405,524	7.26
February 8, 2019	1,981	0.00	12,407,505	7.26
February 15, 2019	163,737	0.10	12,571,242	7.36
February 22, 2019	674,339	0.39	13,245,581	7.75
March 1, 2019	98,000	0.06	13,343,581	7.81
<b>At the end of the year</b>			<b>13,343,581</b>	<b>7.81</b>
<b>2. Franklin Templeton Mutual Fund (including all schemes)*</b>				
<b>At the beginning of the year</b>	<b>4,156,378</b>	<b>2.43</b>		
Net market purchases/(sales) during the week ended:				
April 6, 2018	(143,365)	(0.08)	4,013,013	2.35
April 13, 2018	(416,635)	(0.24)	3,596,378	2.11
April 20, 2018	(343,079)	(0.20)	3,253,299	1.90
April 27, 2018	(199,762)	(0.12)	3,053,537	1.79
May 4, 2018	(200,000)	(0.12)	2,853,537	1.67
May 18, 2018	(100,000)	(0.06)	2,753,537	1.61
August 10, 2018	(9,790)	(0.01)	2,743,747	1.61
August 17, 2018	(190,210)	(0.11)	2,553,537	1.49
August 24, 2018	(200,000)	(0.12)	2,353,537	1.38
August 31, 2018	(2,304)	(0.00)	2,351,233	1.38
October 12, 2018	(172,672)	(0.10)	2,178,561	1.28
November 2, 2018	(497,696)	(0.29)	1,680,865	0.98
<b>At the end of the year</b>			<b>1,680,865</b>	<b>0.98</b>



**d. Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs and ADRs) (contd.)**

Sl No.	Top 10 Shareholders*	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>3.</b>	<b>ICICI Prudential Mutual Fund (including all schemes)*</b>				
	<b>At the beginning of the year</b>	<b>4,130,819</b>	<b>2.42</b>		
	Net market purchases/(sales) during the week ended				
	April 6, 2018	(4,200)	(0.00)	4,126,619	2.42
	April 13, 2018	(22,400)	(0.01)	4,104,219	2.40
	April 27, 2018	216,023	0.13	4,320,242	2.53
	May 4, 2018	(59,143)	(0.03)	4,261,099	2.49
	May 11, 2018	(289,446)	(0.17)	3,971,653	2.33
	May 25, 2018	(5,643)	(0.00)	3,966,010	2.32
	June 8, 2018	64,009	0.04	4,030,019	2.36
	June 22, 2018	(57,707)	(0.03)	3,972,312	2.33
	July 27, 2018	(42)	(0.00)	3,972,270	2.33
	September 28, 2018	(463,401)	(0.27)	3,508,869	2.05
	December 28, 2018	169,999	0.10	3,678,868	2.15
	January 25, 2019	380,736	0.22	4,059,604	2.38
	February 1, 2019	119,264	0.07	4,178,868	2.45
	February 15, 2019	112,374	0.07	4,291,242	2.51
	February 22, 2019	387,626	0.23	4,678,868	2.74
	<b>At the end of the year</b>			<b>4,678,868</b>	<b>2.74</b>
<b>4.</b>	<b>Reliance Mutual Funds (including all schemes)</b>				
	<b>At the beginning of the year</b>	<b>3,126,374</b>	<b>1.83</b>		
	Net market purchases/(sales) during the week ended				
	April 6, 2018	(60,200)	(0.04)	3,066,174	1.80
	April 13, 2018	(23,100)	(0.01)	3,043,074	1.78
	April 20, 2018	(12,600)	(0.01)	3,030,474	1.77
	April 27, 2018	(327,948)	(0.19)	2,702,526	1.58
	May 11, 2018	(147,278)	(0.09)	2,555,248	1.50
	May 18, 2018	(175,610)	(0.10)	2,379,638	1.39
	May 25, 2018	(10,821)	(0.01)	2,368,817	1.39
	June 1, 2018	(123,037)	(0.07)	2,245,780	1.31
	June 8, 2018	(411,491)	(0.24)	1,834,289	1.07
	June 29, 2018	124,200	0.07	1,958,489	1.15
	July 6, 2018	(137,900)	(0.08)	1,820,589	1.07
	July 20, 2018	75,000	0.04	1,895,589	1.11
	July 27, 2018	(94,000)	(0.06)	1,801,589	1.05
	August 3, 2018	(362,621)	(0.21)	1,438,968	0.84
	August 10, 2018	(37,379)	(0.02)	1,401,589	0.82
	August 31, 2018	(100,000)	(0.06)	1,301,589	0.76
	September 7, 2018	25,000	0.01	1,326,589	0.78
	September 21, 2018	200,000	0.12	1,526,589	0.89
	October 12, 2018	50,000	0.03	1,576,589	0.92
	November 2, 2018	(188,500)	(0.11)	1,388,089	0.81
	November 9, 2018	4,900	0.00	1,392,989	0.82

**d. Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs and ADRs) (contd.)**

Sl No.	Top 10 Shareholders*	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	November 16, 2018	(111,821)	(0.07)	1,281,168	0.75
	November 23, 2018	(154,579)	(0.09)	1,126,589	0.66
	December 14, 2018	100,000	0.06	1,226,589	0.72
	January 18, 2019	(125,000)	(0.07)	1,101,589	0.64
	February 1, 2019	1,341	0.00	1,102,930	0.65
	February 8, 2019	16	0.00	1,102,946	0.65
	March 1, 2019	20	0.00	1,102,966	0.65
	March 8, 2019	5,181	0.00	1,108,147	0.65
	March 15, 2019	681	0.00	1,108,828	0.65
	March 22, 2019	200	0.00	1,109,028	0.65
	March 29, 2019	191,104	0.11	1,300,132	0.76
	<b>At the end of the year</b>			<b>1,300,132</b>	<b>0.76</b>
<b>5.</b>	<b>Smallcap World Fund Inc</b>				
	<b>At the beginning of the year</b>	<b>3,118,756</b>	<b>1.83</b>		
	November 30, 2018	195,920	0.11	3,314,676	1.94
	February 22, 2019	(510,324)	(0.30)	2,804,352	1.64
	March 1, 2019	(204,383)	(0.12)	2,599,969	1.52
	March 8, 2019	(202,557)	(0.12)	2,397,412	1.40
	March 15, 2019	(237,724)	(0.14)	2,159,688	1.26
	March 22, 2019	(11,891)	(0.01)	2,147,797	1.26
	March 29, 2019	(540,628)	(0.32)	1,607,169	0.94
	<b>At the end of the year</b>			<b>1,607,169</b>	<b>0.94</b>
<b>6.</b>	<b>UTI Mutual Funds (including all schemes)^</b>				
	<b>At the beginning of the year</b>	<b>1,894,822</b>	<b>1.01</b>		
	Market purchases/(sales) during the week ended				
	April 13, 2018	50,000.00	0.03	1,944,822	1.14
	June 8, 2018	25,000.00	0.01	1,969,822	1.15
	June 22, 2018	95,000.00	0.06	2,064,822	1.21
	June 29, 2018	30,000.00	0.02	2,094,822	1.23
	July 6, 2018	55,000.00	0.03	2,149,822	1.26
	August 10, 2018	104,582.00	0.06	2,254,404	1.32
	August 17, 2018	40,846.00	0.02	2,295,250	1.34
	August 24, 2018	74,582.00	0.04	2,369,832	1.39
	August 31, 2018	22,288.00	0.01	2,392,120	1.40
	September 7, 2018	9,835.00	0.01	2,401,955	1.41
	October 5, 2018	4,428.00	0.00	2,406,383	1.41
	October 26, 2018	54,978.00	0.03	2,461,361	1.44
	November 30, 2018	107,320.00	0.06	2,568,681	1.50
	December 7, 2018	43,400.00	0.03	2,612,081	1.53
	December 14, 2018	38,000.00	0.02	2,650,081	1.55
	December 21, 2018	20,000.00	0.01	2,670,081	1.56
	December 28, 2018	(5,600)	(0.00)	26,64,481	1.56
	January 11, 2019	15,200	0.01	26,79,681	1.57
	March 29, 2019	35,500	0.02	27,15,181	1.59
	<b>At the end of the year</b>			<b>1,894,822</b>	<b>1.01</b>

**d. Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs and ADRs) (contd.)**

Sl No.	Top 10 Shareholders*	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>7.</b>	<b>Dr. Upendranath N#</b>				
	<b>At the beginning of the year</b>	<b>1,358,874</b>	<b>0.80</b>		
	Market purchases/(sales) during the week ended				
	May 4, 2018	(16,500)	(0.01)	13,42,374	0.79
	August 17, 2018	(1,50,000)	(0.09)	11,92,374	0.70
	November 30, 2018	(1,55,000)	(0.09)	10,37,374	0.61
	February 22, 2019	(1,36,000)	(0.08)	9,01,374	0.53
	March 29, 2019	(1,60,000)	(0.09)	7,41,374	0.43
	<b>At the end of the year</b>			<b>7,41,374</b>	<b>0.43</b>
<b>8.</b>	<b>Durga Rani Chunduri</b>				
	<b>At the beginning of the year</b>	<b>1,351,500</b>	<b>0.79</b>		
	Market purchases/(sales) during the week ended : Nil				
	<b>At the end of the year</b>			<b>1,351,500</b>	<b>0.79</b>
<b>9.</b>	<b>Wasatch International Growth Fund#</b>				
	<b>At the beginning of the year</b>	<b>1,289,330</b>	<b>0.75</b>		
	Market purchases/(sales) during the week ended				
	April 27,2018	(16,683)	(0.01)	12,72,647	0.75
	May 25,2018	(80,410)	(0.05)	11,92,237	0.70
	June 1,2018	(27,793)	(0.02)	11,64,444	0.68
	November 30,2018	(1,83,606)	(0.11)	9,80,838	0.57
	December 7,2018	(36,155)	(0.02)	9,44,683	0.55
	December 21,2018	(51,987)	(0.03)	8,92,696	0.52
	December 28,2018	(35,027)	(0.02)	8,57,669	0.50
	<b>At the end of the year</b>			<b>8,57,669</b>	<b>0.50</b>
<b>10.</b>	<b>Powermaster Engineers Private Limited</b>				
	<b>At the beginning of the year</b>	<b>1,263,528</b>	<b>0.74</b>		
	Market purchases/(sales) during the week ended : Nil				
	<b>At the end of the year</b>			<b>1,263,528</b>	<b>0.74</b>
<b>11.</b>	<b>National Westminster Bank PLC as trustee of St. James's Place Emerging Markets Equity Unit Trust managed by Wasatch Advisors Inc^</b>				
	<b>At the beginning of the year</b>	-	-		
	Net market purchases/(sales) during the week ended :				
	April 20, 2018	467,798	0.27	467,798	0.27
	April 27, 2018	353,132	0.21	820,930	0.48
	May 4, 2018	339,260	0.20	1,160,190	0.68
	May 11, 2018	458,663	0.27	1,618,853	0.95
	May 18, 2018	331,061	0.19	1,949,914	1.14
	September 7, 2018	(53,363)	-0.03	1,896,551	1.11
	November 30, 2018	(86,945)	-0.05	1,809,606	1.06
	<b>At the end of the year</b>			<b>1,809,606</b>	<b>1.06</b>
<b>12.</b>	<b>ICICI Prudential Life Insurance Company Limited^</b>				
	<b>At the beginning of the year</b>	-	-		
	Net market purchases/(sales) during the week ended				

**d. Shareholding Pattern of top ten Shareholders (other than Directors Promoters and Holders of GDRs and ADRs) (contd.)**

SI No.	Top 10 Shareholders*	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
	July 13, 2018	2,24,780	0.13	224,780	0.13
	July 20, 2018	95,509	0.06	320,289	0.19
	July 27, 2018	1,74,708	0.10	494,997	0.29
	August 3, 2018	1,43,035	0.08	638,032	0.37
	August 10, 2018	25,860	0.02	663,892	0.39
	August 17, 2018	29,368	0.02	693,260	0.41
	August 24, 2018	4,20,765	0.25	11,14,025	0.65
	August 31, 2018	1,35,392	0.08	12,49,417	0.73
	September 7, 2018	10,114	0.01	12,59,531	0.74
	September 14, 2018	19,734	0.01	12,79,265	0.75
	September 21, 2018	48,024	0.03	13,27,289	0.78
	September 28, 2018	(12,000)	(0.01)	13,15,289	0.77
	October 5, 2018	54,878	0.03	13,70,167	0.80
	October 12, 2018	(34,999)	(0.02)	13,35,168	0.78
	October 26, 2018	(15,000)	(0.01)	13,20,168	0.77
	November 2, 2018	46,395	0.03	13,66,563	0.80
	November 9, 2018	(25)	(0.00)	13,66,538	0.80
	November 30, 2018	(94,666)	(0.06)	12,71,872	0.74
	December 7, 2018	33,689	0.02	13,05,561	0.76
	December 21, 2018	99	0.00	13,05,660	0.76
	December 28, 2018	77,575	0.05	1383235	0.81
	January 4, 2019	8,291	0.00	1391526	0.81
	January 11, 2019	(85)	(0.00)	13,91,441	0.81
	January 18, 2019	(32,181)	(0.02)	13,59,260	0.80
	January 25, 2019	(63,003)	(0.04)	12,96,257	0.76
	February 8, 2019	(40,297)	(0.02)	12,55,960	0.74
	February 15, 2019	51,278	0.03	13,07,238	0.77
	February 22, 2019	2,385	0.00	13,09,623	0.77
	March 1, 2019	232	0.00	13,09,855	0.77
	March 8, 2019	60,900	0.04	13,70,755	0.80
	March 15, 2019	(17,602)	(0.01)	13,53,153	0.79
	March 22, 2019	36,043	0.02	13,89,196	0.81
	March 29, 2019	42,758	0.03	14,31,954	0.84
	<b>At the end of the year</b>			<b>1431,954</b>	<b>0.84</b>

\* Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.

# Ceased to be in the list of Top 10 as on March 31, 2019. However the details were furnished as the shareholder was one of the Top 10 shareholders as on April 1, 2018.

^ Not in the Top 10 shareholders as on April 1 2018. However the details were furnished as the shareholder was one of the Top 10 shareholders as on March 31, 2019.

**e. Shareholding of Directors and Key Managerial Personnel:**

SI No.	For Each of the Directors and KMP	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>1.</b>	<b>Dr. Ramachandra N Galla Chairman</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil

**e. Shareholding of Directors and Key Managerial Personnel (contd.)**

Sl No.	For Each of the Directors and KMP	At the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
<b>2.</b>	<b>Mr. Jayadev Galla Vice Chairman and Managing Director</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>3.</b>	<b>Mr. Marc D Andraca*</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>4.</b>	<b>Mr. Claudio Morfe*</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>5.</b>	<b>Mr. Nagarjun Valluripalli</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>6.</b>	<b>Mr. N Sri Vishnu Raju</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>7.</b>	<b>Mr. T R Narayanaswamy</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>8.</b>	<b>Ms. Bhairavi Tushar Jani</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>9.</b>	<b>Mr. S Vijayanand Chief Executive Officer</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>10.</b>	<b>Mr. S V Raghavendra Chief Financial Officer#</b>				
	At the beginning of the year	170	0.00		
	At the end of the year			170	0.00
<b>11.</b>	<b>Mr. Y Delli Babu*</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil
<b>12.</b>	<b>Mr. M R Rajaram Company Secretary</b>				
	At the beginning of the year	Nil	Nil		
	At the end of the year			Nil	Nil

\* Mr. Claudio Morfe was appointed as an additional director with effect from August 11, 2018. Both Mr. Marc D Andraca and Mr. Claudio Morfe resigned from the Board with effect from April 30, 2019.

# Mr. S V Raghavendra retired as Chief Financial Officer with effect from December 12, 2018 and Mr. Y Delli Babu was appointed as Chief Financial Officer with effect from February 11, 2019.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ crores

	Secured Loans excluding deposits	Unsecured Loans*	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	63.53	-	63.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>63.53</b>	-	<b>63.53</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	(5.10)	-	(5.10)
<b>Net Change</b>	-	<b>(5.10)</b>	-	<b>(5.10)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	58.43	-	58.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>58.43</b>	-	<b>58.43</b>

\*interest free sales tax deferment loan.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director Whole-time Directors and / or Manager:

₹ crores

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Jayadev Galla	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	2.40	2.40
	(b) Value of perquisites u/s 17(2) Income-tax Act 1961		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961		-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	37.29	37.29
	- others specify	-	-
5	Others Contribution to Provident Fund	0.00*	0.00*
	<b>Total (A)</b>	<b>39.69</b>	<b>39.69</b>
	Ceiling as per the Act i.e 5% of the net profits calculated under Section 198 of the Companies Act 2013		39.69

\* Amount below ₹1 lakh

**B. Remuneration to other directors:**

₹ crores

Sl. no.	Name of the Director	Particulars of Remuneration			Total Amount
		Fees for attending board / committee meetings	Commission	Others please specify	
<b>1. Independent Directors</b>					
	Mr. Nagarjun Valluripalli	0.02	0.05	-	0.07
	Mr. N Sri Vishnu Raju	0.02	0.05	-	0.07
	Mr. T R Narayanaswamy	0.01	0.05	-	0.06
	Ms. Bhairavi Tushar Jani	0.01	0.05	-	0.06
	<b>Total (1)</b>	<b>0.06</b>	<b>0.20</b>	<b>-</b>	<b>0.26</b>
<b>2. Other Non-Executive Directors</b>					
	Dr. Ramachandra N Galla	-	23.82	-	23.82
	Mr. Marc D Andraca*	-	-	-	-
	Mr. Claudio Morfe *	-	-	-	-
	Mr. Trent Moore Nevill *	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>23.82</b>	<b>-</b>	<b>23.82</b>
	<b>Total (B)= (1+2)</b>	<b>0.06</b>	<b>24.02</b>	<b>-</b>	<b>24.08</b>
	<b>Total Managerial Remuneration</b>				<b>24.08</b>
	Ceiling as per the Act i.e 1% of the net profits calculated under Section 198 of the Companies Act 2013#				7.30#

\* Please refer the clause 2(iii) of the Corporate Governance Report on their resignation/ appointments during the year.

# The shareholders at their meeting held on August 14, 2015 approved by ordinary resolution payment of Commission to Non-Executive Directors in excess of 1% of the net profits of the Company. With the enactment of Companies (Amendment) Act, 2017 effective from September 12, 2018, approval of the members by way of special resolution is required and necessary resolutions were included in the notice of the ensuing annual general meeting for approval of the members.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD**

₹ crores

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. S Vijayanand CEO	Mr. S V Raghavendra CFO#	Mr. Y Delli Babu, CFO#	Mr. M R Rajaram Company Secretary	
1	Gross salary					
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act 1961	1.92	1.15	0.06	0.63	3.76
	b. Value of perquisites u/s 17(2) Income-tax Act 1961	0.10	0.09	0.00*	0.02	0.21
	c. Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others specify	-	-	-	-	-
5	Others please specify	-	-	-	-	-
	<b>Total</b>	<b>2.02</b>	<b>1.24</b>	<b>0.06</b>	<b>0.65</b>	<b>3.97</b>

\* Amount below ₹ 1 lakh

# Mr. S V Raghavendra retired as Chief Financial Officer with effect from December 12, 2018 and Mr. Y Delli Babu was appointed as Chief Financial Officer with effect from February 11, 2019.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties punishment or compounding of offences during the year ended March 31 2019.

## ANNEXURE VI

### Annual Report on Corporate Social Responsibility (CSR) Activities

#### 1. A brief outline of the Company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The broad focus areas of the Company are Education, Health, Environment and Rural Development

The activities under the Education include primary secondary and higher education skill development of rural youth providing scholarships to meritorious students of underprivileged and promoting preventive healthcare activities such as providing safe and healthy drinking water aiding hospitals etc.

Weblink: <https://www.amararajabatteries.com/Investors/corporate-governance-policies>

#### 2. Composition of the CSR Committee:

Name	Designation	Category
Dr. Ramachandra N Galla	Chairman	Non-Independent Non-Executive
Mr. Nagarjun Valluripalli	Member	Independent Non-Executive
Mr. T R Narayanaswamy	Member	Independent Non-Executive
Mr. Marc D Andraca*	Member	Non-Independent Non-Executive

\* Appointed as member with effect from November 9 2017 and resigned as a Director with effect from April 30, 2019.

#### 3. Average net profit of the Company for last three financial years: ₹ 712.28 crores

#### 4. Prescribed CSR Expenditure (2% of the Average Net Profit as in item 3 above): ₹ 14.24 crores

#### 5. Details of CSR spend for the financial year:

- Total amount spent for the financial year : ₹ 14.70 crores
- Amount unspent if any : Nil
- Manner in which the amount spent during the financial year is detailed below:

CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
Common infrastructure facilities at Educational complexes	Rural Development Project	Pettamitta & Diguamagham Villages Chittoor District, Andhra Pradesh	₹ 10.50 crores	₹ 11.30 crores	₹ 11.30 crores	Implementing Agency i.e Rajanna Trust
Running expenses of Skill Development Centre	Rural Development Project	Pettamitta Chittoor, Andhra Pradesh	₹ 4.50 crores	₹ 3.40 crores	₹ 31.90 crores	Implementing Agency i.e Rajanna Trust

Place: Hyderabad  
Date: May 15, 2019

**Dr. Ramachandra N Galla**  
Chairman of the CSR Committee



## ANNEXURE VII

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act  
and Rule 8(2) of the Companies (Accounts) Rules 2014)

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act 2013 including certain arm's length transactions under third proviso thereto**

- There are no contracts/arrangements entered into by the company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act 2013 which are not at arm's length basis.
- Details of material contracts or arrangement or transactions at an arm's length basis

(a) Name(s) of the related party and nature of relationship	Mangal Industries Limited (MIL)  RNGalla Family Private Limited (RFPL) and Mangal Industries Limited (MIL) are the Indian Promoters of the Company. RFPL is owned and controlled by the Galla Family headed by Dr. Ramachandra N Galla, Chairman of the Company and MIL is a wholly owned subsidiary of RFPL.
(b) Nature of contracts/ arrangements/ transactions	Income: Sale of goods/fixed assets; Rendering of services and Sharing of expenses Expenses: Purchase of materials plastic components storage racks and sharing of expenses.
(c) Duration of the contracts / arrangements/ transactions	On going
(d) Salient terms of the contracts or arrangements or transactions including the value if any*	Based on transfer pricing guidelines

\*The members at the annual general meeting held on August 7, 2017 authorized the Board (including Committees of the Board) to enter into transactions with MIL upto ₹ 1,000 crore in a financial year and all the appropriate approvals of the Board/Audit Committee have been taken for entering into transactions with MIL. Advances paid if any have been adjusted against invoices wherever applicable. Please refer note 34 to the notes forming part of the financial statements for further information on transactions with MIL.

On behalf of the Board

Place: Hyderabad  
Date: May 15, 2019

**Dr. Ramachandra N Galla**  
Chairman

## ANNEXURE VIII

### **Information under Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules 2014 and forming part of the Directors' Report:**

#### **A. Conservation of Energy**

The Company continued its focused energy conservation efforts through up-gradation of process technology effective production scheduling and various energy saving initiatives including installation of energy efficient equipment's.

#### **B. Technology Absorption**

##### **i. Specific Areas in which Technology Development is carried out by the Company**

The 'Technology' activities of the Organization are categorized under three broad areas of focus:

- Product Technology
- Manufacturing Engineering
- Research & Analysis

The Technology projects are identified to address the following specific objectives:

- Development of import substitution in materials and products.
- Exploration of environmental friendly operations/ materials.
- Manufacturing Technology up-gradation to make the batteries robust and high-end performer.
- Material/Process development activities for enhancing battery performance and cost efficiency.
- New product development for emerging applications.
- Research on New Energy Storage Technologies/Non Lead Acid Technologies.
- Technology up-gradation to make the batteries robust and high-end performer
- Value engineering efforts for product improvements.

##### **ii. Benefits derived as a result of the above Technology Projects**

- A novel way of exploring the Carbon advantages was fundamentally studied and suggested
- Development and validation of Lead weight optimization in 2-wheeler continuous plate making process.
- Developed lead carbon technology for PSoC applications
- Developed High charge acceptance batteries as per Srilanka standard.
- Developed EFB variants for OE automotive start stop application
- Developed extension range of commercial batteries.
- Developed New Flat plate battery for E-rickshaw application.
- Developed Energy Efficient flame-retardant poly formulation.
- Facilitated NABL Accreditation for the Chemical & Physical laboratories
- High Life Tubular Batteries for Solar Application
- HTC Series for Cellular application.
- Implementation of improved pasting and curing process to enhance the durability of LVRLA products for telecom applications.
- Implementation of formation process optimized cycle times in MVRLA batteries for improved throughput.
- Implemented advanced plate technology for motorcycle batteries.

- Lithium Ion Plant ready with 100MWh Capacity for bulk production
- Li-ion products developed for Stand by application, the products are under evaluation.
- Process optimization of curing and drying cycle time of tubular batteries resulting in throughput improvement and energy saving.
- Process innovation to enhance lignin performance was invented
- Several Products are developed in Li-ion for e-rickshaw application and Certified by ARAI
- Validated and implemented new ICW design to enhance Intercell weld strength and enhanced battery durability.
- Validated and commercialized advanced, light weight, continuous plate making technology for 4-Wheeler automotive batteries.
- Validation and commercialization of advanced punched multi grid making and pasting technology for 2-wheeler automotive (light weight) batteries for improved productivity and cost

### iii. Future Plan of Action

- Conductive additive formulations for enhancing NAM performance.
- Design & Development of Li-ion Battery Packs for 2W & 3W(e-Auto) Segment Evaluation of advanced cover to container sealing process
- Developing High performing and durable grid mold coat formulation
- Developing cost effective and high performing Flame-Retardant Poly formulations
- Development of other battery technologies with different chemistries (redox,flow,nickel based,fuel cell etc)
- Development of new range of DIN batteries for High end vehicles.
- Development of high performance and environmental friendly batteries for commercial segment.
- Development and commercialization of Power frame technology for 4W automotive advanced flooded lead acid batteries for improved cost and performance
- Fleet operation: Demonstration of e-Auto Fleet operation in towns
- FTA Series with New Poly material design & development
- High Warranty Tubular Battery for E-Rickshaw Application
- Implementation of advanced plate technology for automotive batteries.
- Implementing process optimized formation cycle time's in 4-wheeler automotive batteries to improve throughput.
- Initiation on Bus/Car Battery Proto development
- Lithium Ion Battery Energy Storage System integration with existing Lead Acid Battery ESS
- New range of sVRLA battery series with optimized design.
- NABL Accreditation for the Lithium battery test lab
- Process development and implementation of slurry reuse in tubular battery negative plate manufacturing for scrap reduction
- Study, evaluation and implementation of alternate chemical in ETP process to reduce the cost
- Tubular Batteries for Traction Application
- Validation of advanced plate making technology for EFB automotive batteries.

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

- Amara Raja Batteries Limited licensed proprietary Power Frame Grid® Technology from Johnson Controls for Advanced Flooded lead acid batteries.
- ARBL Engineers visit to Johnson controls for technology absorption, selection of appropriate manufacturing equipment /

tools and design of equipment with unique innovation to suit Amara raja requirements is progressing well with equipment procurement in advanced stage.

- Lithium Ion Battery Energy Storage System integration with existing Lead Acid Battery Energy Storage System.

**v. Benefits derived as a result of above efforts:**

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

**vi. Information in respect of Imported Technology**

a) Technology Imported	The Company has imported technology for the manufacture of advanced Punched Grid for the futuristic Automotive batteries from Johnson Controls Technology Company, USA and Johnson Controls Battery Group Inc., USA
b) Year of Import	2018
c) Has the technology been fully absorbed?	No, the same is under implementation for the manufacture of batteries.
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	Under implementation

**vii. Expenditure on Research and Development (R&D)**

		₹ crores	
Sl. No	Parameters	2018-19	2017-18
1	Capital	3.66	1.60
2	Recurring	10.00	8.66
<b>Total</b>		<b>13.66</b>	<b>10.26</b>

**C. Foreign exchange earnings and outgo**

		₹ crores	
Sl. No	Particulars	2018-19	2017-18
1	Foreign exchange used	2,106.77	1,685.83
2	Foreign exchange earned	724.30	474.60

On behalf of the Board

Place: Hyderabad  
 Date: May 15, 2019

**Dr. Ramachandra N Galla**  
 Chairman

## ANNEXURE IX

## Information pursuant to Section 197 of the Act read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

- a. **The ratio of the remuneration of each director to the median remuneration of the employees of the company and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer Company Secretary or Manager if any for the financial year 2018-19:**

Name of the Director/Key Managerial Personnel	Ratio of the remuneration to the median remuneration of the employees	% increase/ (decrease) in remuneration
<b>Non-Executive Directors</b>		
Dr. Ramachandra N Galla, Non-Executive Chairman	1,131.60	2.15
Mr. Marc D Andraca, Non-Executive Director*	-	-
Mr. Claudio Morfe, Non-Executive Director*	-	-
Mr. Nagarjun Valluripalli, Non-Executive Independent Director	2.38	-
Mr. N Sri Vishnu Raju, Non-Executive Independent Director	2.38	-
Mr. T R Narayanaswamy, Non-Executive Independent Director	2.38	-
Ms. Bhairavi Tushar Jani, Non-Executive Independent Director	2.38	-
<b>Executive Director</b>		
Mr. Jayadev Galla, Vice Chairman and Managing Director	1,885.99	2.15
<b>Key Managerial Personnel</b>		
Mr. S Vijayanand, Chief Executive Officer	96.03	41.76
Mr. S V Raghavendra, Chief Financial Officer#	58.79	6.83
Mr. Y Delli Babu, Chief Financial Officer#	2.77	NA
Mr. M R Rajaram, Company Secretary	30.88	6.00

\* Mr. Claudio Morfe was appointed as an additional director with effect from August 11, 2018. Both Mr. Marc D Andraca and Mr. Claudio Morfe resigned as Directors with effect from April 30, 2019.

# Mr. S V Raghavendra retired as Chief Financial Officer with effect from December 12, 2018 and Mr. Y Delli Babu was appointed as Chief Financial Officer with effect from February 11, 2019. Hence comparison is not possible.

- b. **The percentage increase in the median remuneration of employees in the financial year : 8.52%**
- c. **The number of permanent employees on the rolls of the Company : 7,452**
- d. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in the salaries of employees other than the managerial personnel in 2018-19 was 10.37%. The Percentage increase in the managerial remuneration for the same financial year was 2.15%

- e. **Affirmation that the remuneration is as per the remuneration policy of the company:**

It is hereby affirmed that the remuneration paid to the Directors and Key Managerial Personnel are as per the Nomination and Remuneration Policy of the Company.

On behalf of the Board

Place: Hyderabad  
Date: May 15, 2019

**Dr. Ramachandra N Galla**  
Chairman

# INDEPENDENT AUDITORS' REPORT

To the Members of  
**Amara Raja Batteries Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Amara Raja Batteries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in

accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors' Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditors' Response
1	<p><b>Revenue Recognition - Sale of goods</b></p> <p>Refer Note 2 M "Revenue Recognition" to the Standalone Financial Statements under Significant Accounting Policies.</p> <p>Revenue is recognised net of returns and discounts, when control over the goods is transferred to the customer which is mainly upon delivery of goods as per terms of the contracts with customers.</p> <p>The timing of revenue recognition is relevant as there is a risk of revenue being recorded before control is transferred.</p>	<p>We have performed the following principal audit procedures in relation to revenue recognised which include a combination of testing internal controls and substantive testing as under:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Company's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof.</li> <li>Evaluating the integrity of the general information and technology ('IT') control environment and testing the operating effectiveness of key IT application controls.</li> <li>Understanding the revenue recognition process, evaluating the design and implementation of Company's controls in respect of revenue recognition.</li> </ul>

- Testing the effectiveness of such controls over revenue cut off at year-end.
- Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.
- Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.

## 2 Provision for warranty obligations

Refer Note 2 D(i) under Significant Accounting Policies for Use of estimates and judgements in relation to provision for warranty obligations and Note 40 to the Standalone Financial Statements.

The Company estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. The cost of warranty is net of realisable scrap value and the best estimate of relevant freight expenses. The timing of outflows will vary based on the actual warranty claims.

The determination of warranty provision is associated with unavoidable estimation uncertainties.

Because of the quantitative significance, complexity and level of judgement involved, there is a risk of inappropriate and inadequate provision for warranty obligation.

We carried out a combination of principal audit procedures involving test of internal controls and substantive testing including:

- Understanding the warranty claims process, evaluating the design and implementation of Company's controls in respect of warranty provisioning.
- Testing the operating effectiveness of these controls during the year.
- Carrying out reconciliations with the sales data to determine completeness of transactions on which warranty obligation is determined.
- Reviewing contracts with customers for terms of warranty contained therein and the estimation of warranty provision on the basis of these terms.
- Testing of the data and assumptions used in the calculation of the provision for warranty obligations including those relating to estimates of failure percentages, etc.
- Testing documentation relating to actual warranty replacement and an analysis of the actual failure trend with the estimates used in determining future warranty obligation.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and Annexures to the Directors' report (but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon), of which we obtained the Directors' report, Management Discussion & Analysis and Corporate Governance Report prior to the date of this auditors' report, and the remaining information is expected to be made available to us after that date.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the Directors' report and annexures to Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating



effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its Vice Chairman and Managing Director during the year is in accordance with the provisions of Section 197 of the Act. The Commission payable to the Non-Executive Chairman and Independent Directors of the Company is subject to approval vide a special resolution by the members at the ensuing Annual General Meeting of the Company.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and

Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Hyderabad, May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Hyderabad, May 15, 2019

## **ANNEXURE "A"**

# **TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Amara Raja Batteries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed 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. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to

future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an

adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Hyderabad, May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Hyderabad, May 15, 2019

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ Government Orders provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except in the case of certain land. The carrying amount of such land as at March 31, 2019 is ₹ Nil (refer details in Note 33 of the standalone financial statements).

In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- (ii) The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties

covered in the register maintained under Section 189 of the Companies Act, 2013.

- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ crores)	Amount Unpaid (₹ crores)
VAT Laws	VAT	Appellate Authority upto Commissioner level	2007-08 to 2016-17	4.18	3.10
		Tribunal	2007-08 and 2009-10 to 2011-12	1.36	0.36
Sales Tax Laws	Sales Tax	Appellate Authority upto Commissioner level	2004-05, 2011-12 to 2015-16	9.61	8.44
		Tribunal	2007-08	0.14	-
Income Tax Act, 1961	Income-tax	Appellate Authority upto Commissioner level	2009-10	0.36	0.20
			2016-17	0.03	0.03
Central Excise Act, 1944	Excise Duty	Tribunal	2003-04 to 2007-08	0.96	0.61
Finance Act, 1994	Service Tax	Tribunal	2005-06	0.76	0.61

Out of the total disputed dues aggregating ₹17.40 crores as above, ₹3.03 crores has been stayed for recovery by the relevant authorities.

There are no dues of customs duty as at March 31, 2019 on account of disputes.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to Government. The Company has not taken any loans or borrowings from financial institutions and banks and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration to its Vice Chairman and Managing Director in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013. The Commission payable to the Non-Executive

Chairman and Independent Directors of the Company is subject to approval vide a special resolution by the members at the ensuing Annual General Meeting of the Company.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable Indian Accounting Standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Brahmaya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Hyderabad, May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Hyderabad, May 15, 2019

**Balance Sheet** as at March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	Notes	As at March 31, 2019	As at March 31, 2018
<b>A. ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	1,809.05	1,698.19
(b) Capital work-in-progress	3	233.88	226.38
(c) Other intangible assets	4	3.71	5.06
(d) Intangible assets under development	4	80.86	-
<b>(e) Financial assets</b>			
(i) Investments	5	20.16	19.81
(ii) Other financial assets	6	6.95	5.27
(f) Income tax assets (net)	19	21.48	18.58
(g) Other non-current assets	11	115.78	42.96
<b>Total non - current assets</b>		<b>2,291.87</b>	<b>2,016.25</b>
<b>Current assets</b>			
(a) Inventories	7	1,061.42	1,049.71
<b>(b) Financial assets</b>			
(i) Investments	5	0.30	15.33
(ii) Trade receivables	8	768.58	782.45
(iii) Cash and cash equivalents	9	50.15	48.73
(iv) Bank balances other than (iii) above	10	21.60	62.55
(v) Other financial assets	6	8.59	9.15
(c) Other current assets	11	293.43	184.38
<b>Total current assets</b>		<b>2,204.07</b>	<b>2,152.30</b>
<b>Total assets</b>		<b>4,495.94</b>	<b>4,168.55</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	17.08	17.08
(b) Other equity	13	3,318.24	2,920.31
<b>Total equity</b>		<b>3,335.32</b>	<b>2,937.39</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	14	46.80	58.43
(b) Provisions	15	69.46	45.15
(c) Deferred tax liabilities (net)	16	95.91	87.81
(d) Other non-current liabilities	20	45.98	46.79
<b>Total non - current liabilities</b>		<b>258.15</b>	<b>238.18</b>
<b>Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Trade payables	17		
-Total outstanding dues of Micro enterprises and small enterprises		59.60	10.28
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		450.84	581.98
(ii) Other financial liabilities	18	170.52	168.44
(b) Provisions	15	61.89	55.96
(c) Other current liabilities	20	159.62	176.32
<b>Total current liabilities</b>		<b>902.47</b>	<b>992.98</b>
<b>Total equity and liabilities</b>		<b>4,495.94</b>	<b>4,168.55</b>
<b>Corporate information</b>	1		
<b>Significant accounting policies</b>	2		

See accompanying notes to the financial statements

**In terms of our report attached**
**For Brahmayya & Co.**  
 Chartered Accountants  
 (F.R.N : 000513S)

**Karumanchi Rajaj**  
 Partner  
 M.No. 202309

 Place: Hyderabad  
 Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
 (F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
 Partner  
 M.No. 209354

 Place: Hyderabad  
 Date: May 15, 2019

**For and on behalf of the Board of Directors**
**Dr. Ramachandra N Galla**  
 Chairman

**S.Vijayanand**  
 Chief Executive Officer

**M.R. Rajaram**  
 Company Secretary

 Place: Hyderabad  
 Date: May 15, 2019

**Jayadev Galla**  
 Vice Chairman and Managing Director

**Delli Babu Y**  
 Chief Financial Officer

## Statement of profit and loss for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I</b> Revenue from operations	21	6,793.11	6,232.98
<b>II</b> Other income	22	46.77	66.37
<b>III Total Income (I+II)</b>		<b>6,839.88</b>	<b>6,299.35</b>
<b>IV Expenses</b>			
Cost of materials consumed		4,603.06	3,921.71
Purchases of stock-in-trade		170.18	221.71
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(129.14)	(27.17)
Excise duty		-	173.83
Employee benefits expense	24	345.23	308.99
Finance costs	25	6.95	5.06
Depreciation and amortization expense	26	261.20	230.34
Other expenses	27	852.03	750.68
<b>Total Expenses</b>		<b>6,109.51</b>	<b>5,585.15</b>
<b>V Profit before tax (III - IV)</b>		<b>730.37</b>	<b>714.20</b>
<b>VI Tax expense</b>	28		
(i) Current tax		238.78	236.58
(ii) Deferred tax expense		8.10	6.30
<b>Total tax expense</b>		<b>246.88</b>	<b>242.88</b>
<b>VII Profit for the year (V - VI)</b>		<b>483.49</b>	<b>471.32</b>
<b>VIII Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or loss :			
(a) Remeasurements of the defined benefit plans		(0.17)	0.69
(b) Equity instruments through other comprehensive income		0.07	0.83
<b>Total Other Comprehensive Income / (Loss)</b>		<b>(0.10)</b>	<b>1.52</b>
<b>IX Total comprehensive income for the year (VII + VIII)</b>		<b>483.39</b>	<b>472.84</b>
<b>Earnings per share (of ₹ 1 each)</b>	35		
Basic and Diluted (₹)		<b>28.31</b>	<b>27.59</b>
<b>Corporate information</b>	1		
<b>Significant accounting policies</b>	2		

See accompanying notes to the financial statements

## In terms of our report attached

For Brahmayya & Co.  
Chartered Accountants  
(F.R.N : 000513S)

Karumanchi Rajaj  
Partner  
M.No. 202309

Place: Hyderabad  
Date: May 15, 2019

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

Sumit Trivedi  
Partner  
M.No. 209354

Place: Hyderabad  
Date: May 15, 2019

## For and on behalf of the Board of Directors

Dr. Ramachandra N Galla  
Chairman

S.Vijayanand  
Chief Executive Officer

M.R. Rajaram  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

Jayadev Galla  
Vice Chairman and Managing Director

Delli Babu Y  
Chief Financial Officer

## Cash Flow Statement for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash flows from operating activities</b>		
Profit before tax	730.37	714.20
<b>Adjustments for:</b>		
Depreciation and amortisation expense	261.20	230.34
Loss on sale of property, plant and equipment (net) / written off	3.48	1.73
Finance costs	6.95	5.06
Interest income on bank deposits	(2.77)	(5.60)
Dividend income from equity instruments designated at FVTOCI	(0.00)	(0.00)
Gain on disposal of mutual fund units	(5.35)	(14.84)
Deferred revenue recognised	(8.41)	(7.30)
Net gain arising on financial assets mandatorily measured at FVTPL	(0.02)	(0.19)
Liabilities no longer required written back	(3.83)	(4.62)
Provision for doubtful trade receivables written back	(1.79)	(2.51)
Provision for doubtful trade receivables	2.67	3.09
Bad trade receivables written off (net)	0.33	0.33
Net unrealised foreign exchange gain	(15.50)	(8.78)
	236.96	196.71
<b>Operating profit before working capital changes</b>	<b>967.33</b>	<b>910.91</b>
<b>Movements in working capital</b>		
<b>Adjustments for (increase)/decrease in operating assets:</b>		
- Trade receivables	12.05	(212.35)
- Inventories	(11.71)	(232.76)
- Other assets	(119.24)	(121.62)
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
- Trade payables	(76.72)	177.96
- Other liabilities	(12.87)	40.44
-Provisions	24.18	3.36
	(184.31)	(344.97)
<b>Cash generated from operations</b>	<b>783.02</b>	<b>565.94</b>
Income taxes paid	(241.68)	(244.28)
<b>Net cash generated from operating activities [A]</b>	<b>541.34</b>	<b>321.66</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(528.47)	(386.61)
Proceeds from sale of property, plant and equipment	0.25	1.29
Investment in Subsidiary	(0.28)	-
Purchase of non-current investments	-	(0.10)
Purchase of current investments	(1,025.00)	(1,770.50)
Proceeds from sale / redemption of current investments	1,045.40	1,897.98
Bank balances not considered as cash and cash equivalents (net)	41.18	7.57
Interest received	3.78	6.11
Dividend income	0.00	0.00
<b>Net cash (used in) investing activities [B]</b>	<b>(463.14)</b>	<b>(244.26)</b>



## Cash Flow Statement for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>C. Cash flows from financing activities</b>		
Repayment of borrowings	(5.10)	(8.94)
Finance costs	(1.06)	(0.70)
Dividend paid including tax on dividend (Refer Note 42)	(85.46)	(128.52)
<b>Net cash (used in) financing activities [C]</b>	<b>(91.62)</b>	<b>(138.16)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(13.42)</b>	<b>(60.76)</b>
Cash and cash equivalents at the beginning of the year	48.73	100.74
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	14.84	8.75
<b>Cash and cash equivalents at the end of the year (Refer Note 9)</b>	<b>50.15</b>	<b>48.73</b>

### Notes:

(a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS - 7) - Statement of Cash Flows.

(b) **Reconciliation of liabilities from financing activities for the year ended March 31, 2019**

	As at March 31, 2018	Cash Flows	Non cash changes Current / Non-current Classification	As at March 31, 2019
Borrowings - Non current	58.43	-	(11.63)	46.80
Other Financial Liabilities	5.10	(5.10)	11.63	11.63
	<b>63.53</b>	<b>(5.10)</b>	<b>-</b>	<b>58.43</b>

**Reconciliation of liabilities from financing activities for the year ended March 31, 2018**

	As at March 31, 2017	Cash Flows	Non cash changes Current / Non-current Classification	As at March 31, 2018
Borrowings - Non current	69.01	(5.48)	(5.10)	58.43
Other Financial Liabilities	3.46	(3.46)	5.10	5.10
	<b>72.47</b>	<b>(8.94)</b>	<b>-</b>	<b>63.53</b>

See accompanying notes to the financial statements

#### In terms of our report attached

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Place: Hyderabad  
Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Place: Hyderabad  
Date: May 15, 2019

#### For and on behalf of the Board of Directors

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer

## Statement of changes in equity for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

Equity share capital	Amount
<b>Balance at March 31, 2017</b>	<b>17.08</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2018</b>	<b>17.08</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>17.08</b>

	Reserves and surplus				Equity investments through other comprehensive income	Total
	Securities premium	Capital reserve*	General reserve	Retained earnings		
<b>Balance at March 31, 2017</b>	<b>31.19</b>	<b>0.00</b>	<b>356.35</b>	<b>2,178.81</b>	<b>9.64</b>	<b>2,575.99</b>
Profit for the year	-	-	-	471.32	-	471.32
Other comprehensive income for the year, net of income tax	-	-	-	0.69	0.83	1.52
<b>Total comprehensive income for the year 2017-18</b>				<b>472.01</b>	<b>0.83</b>	<b>472.84</b>
Payment of dividends (including tax thereon) [Refer Note 42]	-	-	-	(128.52)	-	(128.52)
Transfer for General reserve	-	-	47.13	(47.13)	-	-
<b>Balance at March 31, 2018</b>	<b>31.19</b>	<b>0.00</b>	<b>403.48</b>	<b>2,475.17</b>	<b>10.47</b>	<b>2,920.31</b>
Profit for the year	-	-	-	483.49	-	483.49
Other comprehensive income for the year, net of income tax	-	-	-	(0.17)	0.07	(0.10)
<b>Total comprehensive income for the year 2018-19</b>				<b>483.32</b>	<b>0.07</b>	<b>483.39</b>
Payment of dividends (including tax thereon) [Refer Note 42]	-	-	-	(85.46)	-	(85.46)
Transfer for General reserve	-	-	48.35	(48.35)	-	-
<b>Balance at March 31, 2019</b>	<b>31.19</b>	<b>0.00</b>	<b>451.83</b>	<b>2,824.68</b>	<b>10.54</b>	<b>3,318.24</b>

\* Amounts below ₹ 1 lakh

See accompanying notes to the financial statements  
 In terms of our report attached

**For Brahmayya & Co.**  
 Chartered Accountants  
 (F.R.N : 000513S)

**Karumanchi Rajaj**  
 Partner  
 M.No. 202309

Place: Hyderabad  
 Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants  
 (F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
 Partner  
 M.No. 209354

Place: Hyderabad  
 Date: May 15, 2019

For and on behalf of the Board of Directors

**Dr. Ramachandra N Galla**  
 Chairman

**S.Vijayanand**  
 Chief Executive Officer

**M.R. Rajaram**  
 Company Secretary

Place: Hyderabad  
 Date: May 15, 2019

**Jayadev Galla**  
 Vice Chairman and Managing Director

**Delli Babu Y**  
 Chief Financial Officer

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## 1. Corporate Information

Amara Raja Batteries Limited ("the Company") is one of the largest manufacturer of lead-acid storage batteries for industrial and automotive applications in India. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Company's products are supplied to customer groups viz., Telecom, Railways, Power Control, Solar and UPS under Industrial Battery business; and to Automobile OEMs, Replacement Market and Private Label Customers under Automotive Battery business. The Company's products are exported to various countries in the Indian Ocean Rim. The Company also provides installation, commissioning and maintenance services. The leading automotive and industrial battery brands of the Company are Amaron®, PowerZone™, Power Stack®, AmaronVolt® and Quanta®.

## 2. Significant Accounting Policies

### A. Statement of compliance

These financial statements are the separate financial statements of the Company (also called standalone financial statements) prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

### B. Basis of preparation and presentation

These financial statements have been prepared on historical cost convention and on an accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. These financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

### C. Operating Cycle

All assets have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act and Ind AS 1 – Presentation of Financial Statements, based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### D. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimates that have been made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### i) Provision for warranty

The Company estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. The cost of warranty is net of realisable scrap value and the best estimate of relevant freight expenses. The timing of outflows will vary based on the actual warranty claims.

#### ii) Useful lives of Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by Management at the time the asset is acquired and is reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## iii) Fair value measurement of financial instruments

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The Company also engages third party qualified valuers to perform the valuation in certain cases. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

## iv) Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

## v) Actuarial Valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors. Information about such valuation is provided in the notes to the financial statements.

## vi) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

## E. Inventories

Inventories are stated at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The method of determination of cost of various categories of inventories is as follows:

- (i) **Raw materials and bought-out components, stores and spares and loose tools:** Weighted average cost. Cost includes purchase cost and other attributable expenses.
- (ii) **Finished Goods and Work-in-progress:** Weighted average cost of production which comprises direct material cost, direct wages and appropriate overheads based on normal level of activity. Excise duty is included in the value of finished goods upto June 30, 2017.
- (iii) **Stock-in-trade:** Weighted average cost.

## F. Investment in subsidiaries:

Investment in subsidiaries are carried at cost less accumulated impairment, if any.

## G. Property, plant and equipment

### (i) Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at April 1, 2015 measured as per the Accounting Standards notified under the Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014, which the Company elected in accordance with Ind AS 101.

Cost comprises the purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure in making the asset ready for its intended use. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the spares or the principal item of the relevant assets, whichever is lower.

Capital work in progress are items of property, plant and equipment which are not yet ready for their intended use and are carried at cost, comprising direct cost and related incidental expenses.

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## (ii) Depreciation:

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act except in respect of the following category of assets, in which case the life of the assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support, etc., Freehold land is not depreciated.

Asset	Useful lives (in years)
Plant and machinery (including electrical installations and moulds)	1-10

Property, plant and equipment's residual values and useful lives are reviewed at each Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Assets individually costing ₹ 5,000 and below are fully depreciated in the year of acquisition.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or where shorter, the term of the relevant lease. Leasehold improvements are amortized over the lower of estimated useful life and lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss when the asset is de-recognised.

## H. Intangible assets

Intangible assets that the Company controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially for separately acquired assets, at cost comprising of the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the assets for its intended use. The useful life of an intangible asset is considered finite where there is a likelihood of technical and technological obsolescence.

Intangible assets that have finite lives are amortised over their estimated useful lives as per the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset.

All intangible assets are tested for impairment. Amortisation expenses, impairment losses and reversal of impairment losses are considered in the Statement of Profit and Loss. Thus, after initial recognition an intangible asset is carried at its costs less accumulated amortization and /or impairment losses.

## I. Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment loss recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised in previous years.

## J. Foreign currency transactions and translations

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of each reporting period are translated at the exchange rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when fair value is measured. Exchange differences arising on actual payment/ realization and translations referred to above are recognised in the Statement of Profit and Loss.

With effect from April 1, 2018, the Company has adopted Appendix B to Ind AS 21, 'Foreign currency transactions and advance consideration' which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income where an entity has received or paid advance consideration in foreign currency is the date on which such advance is received or paid. The effect on account of adoption of this amendment was insignificant.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### K. Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant.

Government grants related to revenue are recognised on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognised as deferred revenue in the Balance Sheet and transferred to the Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### L. Employee benefits

#### (i) Defined contribution plans

The Company's contributions to Provident Fund (Government administered), Employees' State Insurance Scheme and Superannuation Fund (under a scheme of Life Insurance Corporation of India), considered as defined contribution plans are charged as an expense in the Statement of Profit and Loss when the employees have rendered services entitling them to the contributions.

#### (ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund, administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The defined benefit obligations recognized in the Balance Sheet represents the present value of the defined obligations as reduced by the fair value of plan assets, if applicable. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and are not re-classified to the Statement of Profit and Loss in the subsequent periods. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability (asset) are recognized in the Statement of Profit and Loss.

#### (iii) Short term and other long term employee benefits

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the Statement of Profit and Loss.

### M. Revenue recognition

#### Sale of goods:

Revenue is recognised net of returns and discounts, when control over the goods is transferred to the customer which is mainly upon delivery of goods as per terms of the contracts with customers.

Sales related warranties associated with batteries cannot be purchased separately and they serve as an assurance that the products sold comply with agreed upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Effective from April 1, 2018, the Company has adopted Ind AS 115 "Revenue from contracts with customers". The effect on the Financial Statements on adoption of Ind AS 115 was insignificant.

#### Sale of services:

Revenue from installation, commissioning and maintenance services is recognised based on the contracts with customers and when the services are rendered by measuring progress towards satisfaction of performance obligation for such services.

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## Other Income:

Interest income is recognised using effective interest method. Dividend income is accounted for in the year when the right to receive such dividend is established and the amount of dividend can be measured reliably.

## N. Financial instruments, Financial assets, Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial asset or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on the trade date i.e. the date when the Company commits to purchase or sell the asset.

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms / arrangements. Management determines the classification of its financial instruments at initial recognition.

### (i) Financial assets

**Recognition:** Financial assets include Investments, Trade receivables, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Statement of Profit and Loss.

**Classification:** Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held within a business model solely for collection of cash flows arising from payments of principal and/ or interest as per contractual terms. Such assets are subsequently measured at amortised cost using the effective interest method, less any impairment loss.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

Trade receivables, Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, an irrevocable election on an instrument by instrument basis at initial recognition may be made to present subsequent changes in fair value through other comprehensive income. This election is not permitted if the equity instrument is held for trading.

**Impairment:** The Company assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

**Reclassification:** When and only when the business model is changed, the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously recognized in other comprehensive income and accumulated in the "equity instruments through other comprehensive income" will not be reclassified to profit or loss on disposal of the investments.

## (ii) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry. The difference between the carrying amount of the financial liabilities de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

### Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## O. Leases

### Finance lease

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments and a liability is recognised for an equivalent amount.

### Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the Statement of Profit and Loss, unless the lease agreement explicitly states that increase is on account of inflation.

## P. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### Current Tax

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities based on the taxable profit for the year. Taxable profit differs from "Profit before tax" as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The tax rates and tax laws used to compute the current tax amount are those that are enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that



# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of such deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the corresponding current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

## Q. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle such obligation and a reliable estimate can be made of the amount of such obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be recovered and the amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

## R. Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant and equipment.

## S. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

## T. Cash and cash equivalents

Cash and cash equivalents for purposes of cash flow statement include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

## U. Recent accounting pronouncements

### New Standards and interpretations not yet adopted:

#### Ind AS – 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

# Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

### Amendment to Ind AS 12 'Income Taxes':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

### Amendment to Ind AS 19, 'Employee Benefits':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.

	As at March 31, 2019	As at March 31, 2018
<b>Note 3: Property, plant and equipment and capital work-in-progress</b>		
<b>Carrying amounts of:</b>		
Land		
- Freehold	1.24	1.24
- Leasehold	69.80	65.73
Leasehold improvements	26.53	35.30
Buildings	529.47	529.03
Plant and Equipment (including electrical installations)	1,124.75	1,010.04
Furniture and fixtures	11.21	11.00
Vehicles	11.03	10.10
Office equipment	26.80	26.62
Computers	8.22	9.13
	<b>1,809.05</b>	<b>1,698.19</b>
Capital work-in-progress	233.88	226.38
	<b>233.88</b>	<b>226.38</b>

**Notes to the financial statements**

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 3: Property, plant and equipment and capital work-in-progress(Contd.)**

	Freehold land	Leasehold land	Leasehold improvements	Buildings	Plant and Equipment (including electrical installations)	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
<b>(A) Cost or deemed cost</b>										
<b>Balance at March 31, 2017</b>	<b>1.24</b>	<b>67.53</b>	<b>45.92</b>	<b>475.07</b>	<b>1,141.32</b>	<b>13.50</b>	<b>9.23</b>	<b>37.17</b>	<b>16.58</b>	<b>1,807.56</b>
Additions	-	-	3.84	110.82	312.63	1.50	5.31	5.49	3.68	443.27
Disposals/adjustments	-	-	-	-	(6.00)	(0.05)	(1.39)	(0.10)	(0.07)	(7.61)
<b>Balance at March 31, 2018</b>	<b>1.24</b>	<b>67.53</b>	<b>49.76</b>	<b>585.89</b>	<b>1,447.95</b>	<b>14.95</b>	<b>13.15</b>	<b>42.56</b>	<b>20.19</b>	<b>2,243.22</b>
Additions	-	4.76	-	29.25	321.56	1.81	3.18	8.57	4.55	373.68
Disposals/adjustments	-	-	-	(0.06)	(8.68)	(0.05)	(0.85)	(0.47)	(0.35)	(10.46)
<b>Balance at March 31, 2019</b>	<b>1.24</b>	<b>72.29</b>	<b>49.76</b>	<b>615.08</b>	<b>1,760.83</b>	<b>16.71</b>	<b>15.48</b>	<b>50.66</b>	<b>24.39</b>	<b>2,606.44</b>
<b>(B) Accumulated depreciation and impairment</b>										
<b>Balance at March 31, 2017</b>	<b>-</b>	<b>1.12</b>	<b>5.90</b>	<b>33.68</b>	<b>261.27</b>	<b>2.21</b>	<b>2.06</b>	<b>8.32</b>	<b>5.98</b>	<b>320.54</b>
Depreciation expense	-	0.68	8.56	23.18	180.69	1.74	1.52	7.63	5.08	229.08
Eliminated on disposal of assets	-	-	-	-	(4.05)	-	(0.53)	(0.01)	-	(4.59)
<b>Balance at March 31, 2018</b>	<b>-</b>	<b>1.80</b>	<b>14.46</b>	<b>56.86</b>	<b>437.91</b>	<b>3.95</b>	<b>3.05</b>	<b>15.94</b>	<b>11.06</b>	<b>545.03</b>
Depreciation expense	-	0.69	8.77	28.78	204.66	1.58	1.79	8.26	5.29	259.82
Eliminated on disposal of assets	-	-	-	(0.03)	(6.49)	(0.03)	(0.39)	(0.34)	(0.18)	(7.46)
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>2.49</b>	<b>23.23</b>	<b>85.61</b>	<b>636.08</b>	<b>5.50</b>	<b>4.45</b>	<b>23.86</b>	<b>16.17</b>	<b>797.39</b>
<b>(C) Carrying amount</b>										
<b>Balance at March 31, 2018</b>	<b>1.24</b>	<b>65.73</b>	<b>35.30</b>	<b>529.03</b>	<b>1,010.04</b>	<b>11.00</b>	<b>10.10</b>	<b>26.62</b>	<b>9.13</b>	<b>1,698.19</b>
<b>Balance at March 31, 2019</b>	<b>1.24</b>	<b>69.80</b>	<b>26.53</b>	<b>529.47</b>	<b>1,124.75</b>	<b>11.21</b>	<b>11.03</b>	<b>26.80</b>	<b>8.22</b>	<b>1,809.05</b>
<b>Notes:</b>										
1.	The amount of expenditure recognised in the carrying amount of property, plant and equipment (including capital work-in progress) in the course of construction is ₹ 13.58 crores (March 31, 2018: ₹ 8.79 crores) [Refer Note 37]									
2.	In respect of freehold land refer Note 33.									

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 4: Other intangible assets</b>		
<b>Carrying amounts of:</b>		
Software	3.71	5.06
	<b>3.71</b>	<b>5.06</b>
Intangible assets under development	80.86	-
	<b>80.86</b>	<b>-</b>
<b>Particulars</b>	<b>Software</b>	<b>Total</b>
<b>(A) Cost or deemed cost</b>		
<b>Balance at March 31, 2017</b>	<b>8.00</b>	<b>8.00</b>
Additions	1.72	1.72
Disposals/adjustments	-	-
<b>Balance at March 31, 2018</b>	<b>9.72</b>	<b>9.72</b>
Additions	0.50	0.50
Disposals/adjustments	(0.18)	(0.18)
<b>Balance at March 31, 2019</b>	<b>10.04</b>	<b>10.04</b>
<b>(B) Accumulated amortisation and impairment</b>		
<b>Balance at March 31, 2017</b>	<b>2.88</b>	<b>2.88</b>
Amortisation expense	1.78	1.78
<b>Balance at March 31, 2018</b>	<b>4.66</b>	<b>4.66</b>
Amortisation expense	1.68	1.68
Eliminated on disposals/adjustments	(0.01)	(0.01)
<b>Balance at March 31, 2019</b>	<b>6.33</b>	<b>6.33</b>
<b>(C) Carrying amount</b>		
<b>Balance at March 31, 2018</b>	<b>5.06</b>	<b>5.06</b>
<b>Balance at March 31, 2019</b>	<b>3.71</b>	<b>3.71</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 5: Investments</b>		
<b>Non-current</b>		
<b>(I) Investments in equity instruments</b>		
<b>Quoted investments (fully paid) [at FVTOCI]</b>		
(i) Standard Batteries Limited 125 (March 31, 2018: 125) equity shares of ₹ 1 each*	0.00	0.00
(ii) Nicco Corporation Limited 25 (March 31, 2018: 25) equity shares of ₹ 2 each*	0.00	0.00
(iii) Exide Industries Limited 10,000 (March 31, 2018: 10,000) equity shares of ₹ 1 each	0.22	0.22
(iv) HBL Power Systems Limited 5,500 (March 31, 2018: 5,500) equity shares of ₹ 1 each	0.01	0.02
<b>Total aggregate quoted investments [A]</b>	<b>0.23</b>	<b>0.24</b>
<b>Unquoted investments (fully paid)</b>		
<b>(a) Investments in subsidiary (at cost unless stated otherwise)</b>		
(i) Amara Raja Batteries Middle East (FZE), U.A.E 1 (March 31, 2018: Nil) equity shares of 1,50,000 AED each	0.28	-
<b>(b) Investments in others (at FVTOCI)</b>		
(i) Indian Lead Limited 1,128 (March 31, 2018: 1,128) equity shares of ₹ 10 each*	0.00	0.00
(ii) Atria Wind Private Limited 10,000 (March 31, 2018: 10,000) equity shares of ₹ 100 each	0.10	0.10
(iii) Andhra Pradesh Gas Power Corporation Limited 1,206,000 (March 31, 2018: 1,206,000) equity shares of ₹ 10 each	19.54	19.46
<b>Total aggregate unquoted investments [B]</b>	<b>19.92</b>	<b>19.56</b>
<b>Total investments in equity instruments [C = A+B]</b>	<b>20.15</b>	<b>19.80</b>
<b>(II) Investments carried at amortised cost</b>		
6 years National Savings Certificates (Refer Note below) [D]	0.01	0.01
<b>Total Non-current investments [E=C+D]</b>	<b>20.16</b>	<b>19.81</b>
<b>Note:</b> The 6 years National Savings Certificates have been lodged as security with government departments		
Aggregate book value of quoted investments - at cost	0.01	0.01
Aggregate market value of quoted investments	0.23	0.24
Aggregate carrying value of unquoted investments	19.92	19.56
<b>Current</b>		
<b>Investments mandatorily measured at fair value through profit or loss (FVTPL)</b>		
<b>Quoted investments in mutual funds</b>		
SBI Premier Liquid Fund - Direct Plan - Growth Nil units ( March 31, 2018 : 1,084.43 units of ₹ 2,724.39 each)	-	0.30
HDFC Liquid Fund - Direct Plan - Growth Option Nil units (March 31, 2018 : 9,368.37 units of ₹ 3,423.88 each)	-	3.21
ICICI Prudential Liquid - Direct Plan - Growth Nil units (March 31, 2018 : 146,692.45 units of ₹ 257.14 each)	-	3.77
UTI - Liquid Cash Plan - Institutional - Direct Plan - Growth Nil units (March 31, 2018 : 20,480.95 units of ₹ 2,845.10 each)	-	5.83
Kotak Liquid - Direct Plan Growth 804.878 units ₹ 3,784.33 each (March 31, 2018 : 6,298.39 units of ₹ 3,521.95 each)	0.30	2.22
<b>Total Quoted investments measured at FVTPL</b>	<b>0.30</b>	<b>15.33</b>
<b>Total Current investments</b>	<b>0.30</b>	<b>15.33</b>
Aggregate book value of quoted investments - at cost	0.28	15.14
Aggregate market value of quoted investments	0.30	15.33
* Amounts below ₹ 1 lakh		

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 6: Other financial assets</b>		
<b>Non-current</b>		
Security deposits*	6.95	5.27
<b>Total</b>	<b>6.95</b>	<b>5.27</b>
* Includes to related parties ₹ 2.36 crores (As at March 31, 2018 : ₹ 2.36 crores)		
<b>Current</b>		
(a) Advances to related parties:		
- Reimbursable expenses	4.21	2.50
(b) Security deposits	1.53	2.78
(c) Interest accruals:		
- Interest accrued on deposits	2.71	3.72
- Interest accrued on overdue trade receivables	0.14	0.15
<b>Total</b>	<b>8.59</b>	<b>9.15</b>
<b>Note 7: Inventories</b>		
(at lower of cost and net realisable value)		
(a) Raw materials and bought-out components	276.07	411.08
(b) Work-in-progress	287.14	211.51
(c) Finished goods	386.55	327.69
(d) Stock-in-trade (goods purchased for resale)	33.07	38.42
(e) Stores and spares (including secondary packing material)	78.03	60.50
(f) Loose tools	0.56	0.51
<b>Total</b>	<b>1,061.42</b>	<b>1,049.71</b>
Raw materials includes material-in-transit	60.49	138.33
<b>Notes:</b>		
(i)	The cost of inventories recognised as an expense during the year has been disclosed on the face of the Statement of Profit and Loss, Notes 23 and 27.	
(ii)	The cost of inventories recognised as an expense includes ₹ 0.74 crores (during 2017-18: ₹ 0.24 crores) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ Nil (during 2017-18 : ₹ Nil) in respect of reversal of such write-downs.	
(iii)	There are no inventories expected to be liquidated after more than twelve months.	
(iv)	The mode of valuation of inventories has been stated in Note 2.E.	
<b>Note 8: Trade receivables</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	768.58	782.45
(c) Doubtful	4.44	4.52
	<b>773.02</b>	<b>786.97</b>
Allowance for doubtful receivable	(4.44)	(4.52)
<b>Total</b>	<b>768.58</b>	<b>782.45</b>
<b>Notes:</b>		
(i)	The average credit period for after market sales is one week and for sales to other customers is in the range of 30 - 60 days. No interest is charged on overdue receivables, except for overdue balances of related parties.	
(ii)	Of the trade receivables balance, ₹ 84.00 crores (as at March 31, 2018 : ₹ Nil) is due from one of the Company's large customers. There are no other customers who represent more than 10% of the total balance of trade receivables.	
(iii)	The Company has used a practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the receivables which are due and the rates used in the provision matrix.	
(iv)	<b>Movement in the expected credit loss allowance</b>	<b>For the year ended March 31, 2019</b>
		<b>For the year ended March 31, 2018</b>
	Balance at the beginning of the year	4.52
	Movement in expected credit loss allowance on trade receivables(net)	(0.08)
	<b>Balance at the end of the year</b>	<b>4.44</b>
		<b>4.52</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 9: Cash and cash equivalents</b>		
(a) Balances with banks		
- in current accounts	30.54	29.71
- in EEFC accounts	15.71	12.71
(b) Cash on hand	0.11	0.10
(c) Cheques on hand	3.79	6.21
<b>Cash and cash equivalents as per the cash flow statement</b>	<b>50.15</b>	<b>48.73</b>
<b>Note 10: Other bank balances</b>		
(a) In deposit accounts		
(i) original maturity more than 3 months but less than 12 months	12.13	54.19
(b) In earmarked accounts		
(i) Dividend accounts	3.27	3.04
(ii) Balances held as margin money against guarantees given [Refer Note below]	6.20	5.32
<b>Total</b>	<b>21.60</b>	<b>62.55</b>
<b>Note:</b>		
Includes deposit aggregating ₹ Nil (March 31, 2018: ₹ 5.31 crores) with remaining maturity of more than 12 months from the Balance Sheet date.		
<b>Note 11: Other assets</b>		
<b>Non-current</b>		
(a) Capital advances	61.56	5.59
(b) Capital advances to related parties	10.62	1.83
(c) Prepaid expenses	1.52	0.93
(d) Balances with government authorities	8.80	9.20
(e) Other deposits (Electricity deposits, for other utilities, etc.)	33.28	25.41
<b>Total</b>	<b>115.78</b>	<b>42.96</b>
<b>Current</b>		
(a) Contractually reimbursable expenses	6.11	21.98
(b) Commercial advances	50.97	21.97
(c) Advances to employees	0.43	0.32
(d) Balances with government authorities (Advances, GST credit, CENVAT credit, VAT credit and Service tax credit receivable )	196.18	107.01
(e) Prepaid expenses	8.11	8.12
(f) Other receivables (export incentives, etc.)	31.52	24.98
(g) Advance for expenses to subsidiary company	0.11	-
<b>Total</b>	<b>293.43</b>	<b>184.38</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 12: Share capital

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>(a) Authorised</b>				
Equity shares of ₹ 1 each	20,00,00,000	20.00	20,00,00,000	20.00
<b>(b) Issued</b>				
Equity shares of ₹ 1 each	17,50,28,500	17.50	17,50,28,500	17.50
<b>(c) Subscribed and fully paid-up</b>				
Equity shares of ₹ 1 each	17,08,12,500	17.08	17,08,12,500	17.08
	<b>17,08,12,500</b>	<b>17.08</b>	<b>17,08,12,500</b>	<b>17.08</b>

#### Notes:

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Equity shares	Number of shares	Share capital
<b>Balance at March 31, 2017</b>	<b>17,08,12,500</b>	<b>17.08</b>
Changes during year	-	-
<b>Balance at March 31, 2018</b>	<b>17,08,12,500</b>	<b>17.08</b>
Changes during year	-	-
<b>Balance at March 31, 2019</b>	<b>17,08,12,500</b>	<b>17.08</b>

#### (ii) Rights, preferences and restrictions attached to the equity shares:

The Company has only one class of shares referred to as equity shares having a face value of ₹1 each. Each holder of equity share is eligible for one vote per share held. The Company declares and pays dividends in Indian rupees and foreign currency. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

#### (iii) Details of equity shares held by each shareholder holding more than 5% of the equity shares:

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	%	Number of shares	%
RNGalla Family Private Limited	4,14,00,702	24.24	4,14,00,702	24.24
Johnson Controls (Mauritius) Private Limited	4,44,11,250	26.00	4,44,11,250	26.00

#### (iv) Also refer Note 43.



**Notes** to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 13: Other equity</b>		
<b>(a) General reserve</b>	451.83	403.48
This reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised by the Company in accordance with the provisions of the Companies Act, 2013.		
<b>(b) Capital reserve*</b>	0.00	0.00
Any profit or loss on purchase, sale, issue or cancellation of the company's own equity instruments is transferred to capital reserve.		
<b>(c) Securities premium</b>	31.19	31.19
This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013		
<b>(d) Equity instruments through other comprehensive income</b>	10.54	10.47
Change in fair value of equity instruments through other comprehensive income.		
<b>(e) Retained earnings</b>	2,824.68	2,475.17
Retained earnings represents the cumulative undistributed profits of the Company and can be utilised in accordance with the provisions of the Companies Act, 2013.		
<b>Total</b>	<b>3,318.24</b>	<b>2,920.31</b>

\*Amount below ₹ 1 Lakh

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 14: Non-current borrowings</b>		
<b>Unsecured - at amortised cost</b>		
<b>Deferred Payment Liabilities</b>		
Sales tax deferment loans [Refer Note below]	58.43	63.53
Less: Current maturities of sales tax deferment loans disclosed under Note 18 - Other financial liabilities - Current	11.63	5.10
<b>Total</b>	<b>46.80</b>	<b>58.43</b>

**Note:**

The interest free sales tax deferment loans were availed by the Company under the Government of Andhra Pradesh TARGET 2000 New Industrial Policy as per which the loans are repayable at the end of the 14th year from the year in which these loans were availed. The Company has also entered into agreements with the Deputy Commissioner of Commercial Taxes, Chittoor in respect of the aforementioned loans as per which the repayment schedule of the loans have been determined as being repayable at the end of the 14th year from the month in which these loans were availed. The Management is however of the view that these loans are repayable at the end of the 14th year from the year in which these loans were availed in terms of the sanction of these loans by the Government of Andhra Pradesh, Commissionerate of Industries and are accordingly making yearly repayment of these loans.

**Note 15 : Provisions**

<b>Non-current</b>		
<b>Employee benefits</b>		
- Leave encashment	12.75	11.42
<b>Other provisions</b>		
- Product warranty [Refer Note below and Note 40]	56.71	33.73
<b>Total Non-current provisions</b>	<b>69.46</b>	<b>45.15</b>
<b>Current</b>		
<b>Employee Benefits</b>		
- Leave encashment	2.70	2.60
- Gratuity [Refer Note 31]	0.65	1.19
<b>Other provisions</b>		
- Product warranty [Refer Note below and Note 40]	58.54	52.17
<b>Total Current provisions</b>	<b>61.89</b>	<b>55.96</b>

**Note:**

The provision for warranty claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the Company's obligation for warranties. The estimation has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 16: Deferred tax liabilities (net)</b>		
The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet		
Deferred tax assets	13.95	13.81
Deferred tax liabilities	(109.86)	(101.62)
<b>Total</b>	<b>(95.91)</b>	<b>(87.81)</b>

2018-19	Opening balance	Recognised in Profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities) / assets in relation to :</b>				
Property, plant and equipment	(101.62)	(8.24)	-	(109.86)
Financial assets measured at FVTOCI	5.32	-	-	5.32
Provision for doubtful debts	1.58	(0.03)	-	1.55
Provision for employee benefits	5.31	0.31	-	5.62
Others	1.60	(0.14)	-	1.46
	<b>(87.81)</b>	<b>(8.10)</b>	<b>-</b>	<b>(95.91)</b>

2017-18	Opening balance	Recognised in Profit and loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Property, plant and equipment	(94.98)	(6.64)	-	(101.62)
Financial assets measured at FVTOCI	5.32	-	-	5.32
Provision for doubtful debts	1.38	0.20	-	1.58
Provision for employee benefits	5.92	(0.61)	-	5.31
Others	0.85	0.75	-	1.60
	<b>(81.51)</b>	<b>(6.30)</b>	<b>-</b>	<b>(87.81)</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019	As at March 31, 2018
<b>Note 17: Trade payables</b>		
- Total outstanding dues of Micro enterprises and small enterprises [Refer Note 30]	59.60	10.28
- Total outstanding dues of creditors other than Micro enterprises and small enterprises	450.84	581.98
<b>Total</b>	<b>510.44</b>	<b>592.26</b>
<b>Note 18: Other financial liabilities</b>		
<b>Current</b>		
- Current maturities of Non-current borrowings [Refer Note 14]	11.63	5.10
- Unpaid dividends	3.27	3.04
<b>Other payables:</b>		
- Payables on purchase of property, plant and equipment	63.69	72.95
- Others (employee related, others) [Refer Note below]	91.93	87.35
<b>Total</b>	<b>170.52</b>	<b>168.44</b>
<b>Note:</b>		
Other liabilities includes employees related payables (including payable to Vice-Chairman and Managing Director), commission payable to Non-Executive Chairman and Other Directors, outstanding liabilities for incentives and trade schemes, etc.		
<b>Note 19: Income tax assets (net)</b>		
<b>Non-Current</b>		
Advance tax/TDS receivable (net of provisions)	21.48	18.58
<b>Total</b>	<b>21.48</b>	<b>18.58</b>
<b>Note 20: Other liabilities</b>		
<b>Non-current</b>		
Revenue received in advance		
- Deferred revenue arising from government grant [Refer Note below]	45.98	46.79
<b>Total Non-current</b>	<b>45.98</b>	<b>46.79</b>
<b>Current</b>		
(a) Revenue received in advance		
- Deferred revenue arising from government grant [Refer Note below]	8.98	8.23
(b) Statutory remittances ( GST, Excise duty, PF, VAT, TDS, etc.)	57.36	76.85
(c) Advances from customers	7.06	9.29
(d) Others (includes accruals relating to trade promotion schemes)	86.22	81.95
<b>Total Current</b>	<b>159.62</b>	<b>176.32</b>
<b>Note:</b>		
The deferred revenue of ₹ 54.96 crores (March 31, 2018: ₹ 55.02 crores) arises primarily as a result of duty benefit received on import of plant and equipment under Export Promotion Capital Goods (EPCG) schemes of the Government of India. The deferred revenue will be recognised in the Statement of Profit and Loss in the proportion of depreciation charged on such assets.		

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note 21: Revenue from operations</b>		
a. Sale of products [Including excise duty of ₹ Nil crores for the year ended March 31, 2019 (March 31, 2018: ₹ 182.11 crores)] (Refer Note (i) and (v) below)	6,709.06	6,169.94
b. Sale of services (Refer Note (ii) below)	60.44	44.81
c. Other operating revenues (Refer Note (iii) below)	23.61	18.23
<b>Total</b>	<b>6,793.11</b>	<b>6,232.98</b>
<b>Notes:</b>		
<b>(i) Sale of products comprises:</b>		
<b>Manufactured goods</b>		
- Storage batteries	6,538.75	5,965.13
<b>Sub-total - Sale of manufactured goods</b>	<b>6,538.75</b>	<b>5,965.13</b>
<b>Traded goods</b>		
- Storage batteries	94.65	123.92
- Home UPS	75.66	80.89
<b>Sub-total - Sale of traded goods</b>	<b>170.31</b>	<b>204.81</b>
<b>Total - Sale of products</b>	<b>6,709.06</b>	<b>6,169.94</b>
<b>(ii) Sale of services comprise:</b>		
- Installation and Commissioning	19.51	11.68
- Annual Maintenance	12.64	1.19
- Others (subject and other matters experts, service charges, etc.)	28.29	31.94
<b>Total - Sale of services</b>	<b>60.44</b>	<b>44.81</b>
<b>(iii) Other operating revenues comprise:</b>		
- Sale of process scrap	1.21	1.77
- Export benefits (including MEIS & EPCG benefits) [Refer Note (iv) below]	22.40	16.46
<b>Total - Other operating revenues</b>	<b>23.61</b>	<b>18.23</b>
<b>(iv)</b> Includes ₹ 8.41 crores (for the year ended March 31, 2018 : ₹ 7.30 crores) recognised as income in proportion to the depreciation charged to the Statement of Profit and Loss. [Refer Note 20]		
<b>(v)</b> The Government of India introduced the Goods and Services Tax (GST) with effect from July 1, 2017. Accordingly, in compliance with the Indian Accounting Standards and Schedule III of the Companies Act 2013, revenue from operations for the periods beginning July 1, 2017 is presented net of GST. Revenue from operations for the period up to June 30, 2017 included excise duty which now is subsumed in GST.		

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note 22: Other income</b>		
<b>a) Interest income</b>		
Interest income earned on financial assets that are not designated as at FVTPL		
- Bank deposits (at amortised cost)	2.77	5.60
- Other financial assets carried at amortised cost	1.97	1.09
- Unwinding of discounts on rental deposits	0.27	0.25
	<b>5.01</b>	<b>6.94</b>
<b>b) Dividend income</b>		
Dividend from equity investments designated as at FVTOCI*		
	0.00	0.00
*Amount below ₹ 1 Lakh		
	<b>0.00</b>	<b>0.00</b>
<b>c) Other non-operating income</b>		
(i) Interest income on other deposits	1.79	0.44
(ii) Sale of non process scrap	5.96	4.28
(iii) Liabilities no longer required written back	3.83	4.62
(iv) Provision for doubtful trade receivables written back	1.79	2.51
(v) Others	5.00	7.78
	<b>18.37</b>	<b>19.63</b>
<b>d) Other gains and losses</b>		
(i) Gain on disposal of mutual fund units	5.35	14.84
(ii) Net foreign exchange gains	18.02	24.77
(iii) Net gain arising on financial assets mandatorily measured at FVTPL [Refer Note below]	0.02	0.19
	<b>23.39</b>	<b>39.80</b>
<b>Total (a+b+c+d)</b>	<b>46.77</b>	<b>66.37</b>

**Note:**

The amount represents the increase in fair value on non-derivative current investments which are mandatorily measured at fair value [Refer Note 5]

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note 23: Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Inventories at the beginning of the year</b>		
Finished goods - storage batteries	327.69	317.62
Work-in-progress	211.51	215.46
Stock-in-trade		
- Storage batteries	19.00	4.04
- Home UPS	19.42	13.33
	38.42	17.37
<b>[A]</b>	<b>577.62</b>	<b>550.45</b>
<b>Inventories at the end of the year</b>		
Finished goods - storage batteries	386.55	327.69
Work-in-progress	287.14	211.51
Stock-in-trade		
- Storage batteries	16.58	19.00
- Home UPS	16.49	19.42
	33.07	38.42
<b>[B]</b>	<b>706.76</b>	<b>577.62</b>
<b>Increase in finished goods, work-in-progress and stock-in-trade [A-B]</b>	<b>(129.14)</b>	<b>(27.17)</b>
<b>Note 24: Employee benefits expense</b>		
(a) Salaries and wages	269.50	250.15
(b) Contribution to provident and other funds [Refer Note 31]	31.56	25.56
(c) Staff welfare expenses	44.17	33.28
<b>Total</b>	<b>345.23</b>	<b>308.99</b>
<b>Note 25: Finance costs</b>		
(a) Interest costs:		
(i) Interest on working capital facilities	0.11	0.11
(b) Other borrowing costs:		
(i) Unwinding of discounts on warranty provision	5.89	4.36
(ii) Others	0.95	0.59
<b>Total</b>	<b>6.95</b>	<b>5.06</b>
<b>Note 26: Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment [Refer Note 3]	259.82	229.08
Amortisation of intangible assets [Refer Note 4]	1.68	1.78
Less: Depreciation capitalised to property, plant and equipment/ capital work-in-progress	0.30	0.52
<b>Total</b>	<b>261.20</b>	<b>230.34</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Note 27: Other expenses</b>		
Consumption of stores and spares (including packing material)	86.80	72.99
Tools consumed	0.72	0.92
Power and fuel	206.48	180.91
Rent	18.42	17.66
Repairs and maintenance		
- Plant and machinery	5.46	5.24
- Buildings	3.36	3.96
- Others	2.35	2.42
Insurance	7.25	7.94
Rates and taxes	3.85	6.30
Communication	2.46	2.58
Travelling and conveyance	19.88	16.78
Outward freight and handling charges	190.12	166.06
Advertisement and sales promotion	27.60	27.89
Expenditure on Corporate Social Responsibility	14.70	14.28
Legal and professional	6.05	5.39
Payment to auditors [Refer Note below]	0.98	0.98
Bad trade receivables written off	1.29	0.38
Less : Provision released	0.96	0.05
	0.33	0.33
Provision for doubtful trade receivables	2.67	3.09
Loss on sale of property, plant and equipment (net) / written off	3.48	1.73
Warranty expenses (net)	114.85	80.29
Service expenses	46.33	31.94
Printing and stationery	1.93	1.51
Miscellaneous expenses	85.96	99.49
<b>Total</b>	<b>852.03</b>	<b>750.68</b>
<b>Note:</b>		
Payment to auditors comprise (net of GST)		
(a) To statutory auditors		
- Statutory audit fee	0.70	0.70
- Limited review fee	0.15	0.15
- Tax audit fee	0.05	0.05
- Reimbursement of expenses	0.04	0.04
(b) To cost auditor for cost audit	0.04	0.04
	<b>0.98</b>	<b>0.98</b>



## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 28: Income tax recognised in profit or loss**

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current Tax</b>		
In respect of the current year	238.20	237.60
In respect of the prior years	0.58	(1.02)
	<b>238.78</b>	<b>236.58</b>
<b>Deferred Tax</b>		
In respect of the current year	8.10	5.40
Adjustments to deferred tax attributable to changes in tax rates and laws	-	0.90
	<b>8.10</b>	<b>6.30</b>
<b>Total income tax expense recognised</b>	<b>246.88</b>	<b>242.88</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

<b>Profit before tax</b>	<b>730.37</b>	<b>714.20</b>
Income tax expense calculated at 34.944% (2017-18 : 34.608%)	255.22	247.17
Effect of income that is exempt from taxation	(0.01)	(0.06)
Tax effects of amounts which are not deductible in determining taxable profit	3.09	2.29
Effect of concessions (research and development and other allowances)	(12.00)	(6.41)
	<b>246.30</b>	<b>242.99</b>
Adjustment recognised in the current year in relation to tax of prior years (net)	0.58	(0.11)
<b>Income tax expense recognised in profit or loss</b>	<b>246.88</b>	<b>242.88</b>

The tax rate used for the year 2018-19 and 2017-18 reconciliations above is the corporate tax rate of 34.944% and 34.608% respectively payable by corporate entities in India on taxable profits under the Indian tax law.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 29: Contingent liabilities and commitments

	As at March 31, 2019	As at March 31, 2018
<b>(i) Contingent Liabilities (to the extent not provided for) :</b>		
Claims against the Company not acknowledged as debt		
<b>Matters under dispute:</b>		
- Excise duty/Service tax	8.16	1.10
- Sales tax/VAT	20.00	24.24
- Income tax	0.22	0.33
- Electricity related	73.15	78.17
- Other (Building and other construction workers welfare cess, wealth tax, etc.)	8.79	-
It is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.		
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	526.97	111.19
(b) The Company has certain outstanding export obligations/ commitments which the Management is confident of meeting within the stipulated period of time / obtaining suitable extensions, wherever required.		

### Note 30: Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	59.60	10.28
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	0.02	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	0.02	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 31: Employee benefits****a. Defined contribution plans**

The Company makes Provident Fund, Superannuation Fund and Employees' State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. The Company recognised ₹ 7.17 crores (Year ended March 31, 2018: ₹ 5.76 crores) for provident fund contributions, ₹ 9.89 crores (Year ended March 31, 2018: ₹ 7.66 crores) for Superannuation Fund contributions and ₹ 4.82 crores (Year ended March 31, 2018: ₹ 4.55 crores) towards Employees' State Insurance Scheme contributions in the Statement of Profit and Loss.

**b. Defined benefit plans**

The Company provides to the eligible employees defined benefit plans in the form of gratuity. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

**Risk Management:**

**Investment risk** - The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest rate risk** - The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Longevity risk** - The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined benefit plan is calculated with reference to the future salaries of participants under the plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

**(i) Balance Sheet**

The assets, liabilities and surplus / (deficit) position of the defined benefit plans at the Balance Sheet date were:

	As at March 31, 2019	As at March 31, 2018
Present value of obligation	29.30	19.65
Fair value of plan assets	(28.65)	(18.46)
<b>(Asset)/Liability recognised in the Balance Sheet</b>	<b>0.65</b>	<b>1.19</b>

**(ii) Movements in Present Value of Obligation and Fair Value of Plan Assets**

	Plan Assets	Plan Obligation	Total Net
<b>As at March 31, 2017</b>	<b>12.24</b>	<b>12.71</b>	<b>0.47</b>
Current service cost	-	1.44	1.44
Past service cost	-	5.70	5.70
Interest cost	-	0.92	0.92
Interest income	0.89	-	(0.89)
Actuarial (gain)/loss arising from changes in financial assumptions	-	(0.70)	(0.70)
Contributions	5.76	-	(5.76)
Benefit payments	(0.51)	(0.51)	-
Return on plan assets, excluding interest income	(0.01)	-	0.01
Transfer from Group Companies	0.09	0.09	-
<b>As at March 31, 2018</b>	<b>18.46</b>	<b>19.65</b>	<b>1.19</b>
Current service cost	-	1.94	1.94
Past service cost	-	7.15	7.15
Interest cost	-	1.53	1.53
Interest income	1.44	-	(1.44)
Actuarial (gain)/loss arising from changes in financial assumptions	-	0.28	0.28
Contributions	9.89	-	(9.89)
Benefit payments	(1.09)	(1.09)	-
Return on plan assets, excluding interest income	0.11	-	(0.11)
Transfer to Group Companies	(0.16)	(0.16)	-
<b>As at March 31, 2019</b>	<b>28.65</b>	<b>29.30</b>	<b>0.65</b>

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 31: Employee benefits (Contd.)

#### (iii) Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Employee Benefit Expenses</b>		
Current service cost	1.94	1.44
Interest cost	1.53	0.92
Past service cost	7.15	5.70
Interest income	(1.44)	(0.89)
<b>Net impact on profit before tax</b>	<b>9.18</b>	<b>7.17</b>
<b>Remeasurement of the net defined benefit plans</b>		
Actuarial (gain)/loss arising from changes in financial assumptions	0.28	(0.70)
Return on plan assets, excluding interest income	(0.11)	0.01
<b>Net impact on other comprehensive income before tax</b>	<b>0.17</b>	<b>(0.69)</b>

#### (iv) Assets

The major categories of plan assets as a % of the total plan assets

	As at March 31, 2019	As at March 31, 2018
Funded with Life Insurance Corporation of India	100%	100%

#### (v) Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2019	As at March 31, 2018
Discount rate	7.64%	7.80%
Salary escalation rate	7.00%	7.00%

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

#### Demographic assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

#### (vi) Sensitivity analysis

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.65)	1.86	(1.10)	1.24
Salary escalation rate (1% movement)	1.77	(1.61)	1.18	(1.07)

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 31: Employee benefits (Contd.)

#### (vii) Maturity analysis

Maturity profile of defined benefit obligation:

	As at March 31, 2019	As at March 31, 2018
Within 1 year	3.22	2.29
1-2 year	3.16	2.03
2-3 year	3.28	2.16
3-4 year	3.27	2.13
4-5 year	2.99	2.15
5-10 year	13.50	9.16
> 10 Year	23.39	15.90

The Company expects to contribute ₹ 3.28 crores to its defined benefit plans during the next fiscal year.

### Note 32: Segment reporting

The Vice Chairman and Managing Director of the Company has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Company's performance and allocates resources for manufacture and marketing of lead acid storage batteries. Accordingly, manufacturing and trading of lead acid storage batteries is considered as the operating segment of the Company.

#### Geographical information

The Company operates in India and makes certain sales to customers situated outside India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Company are situated within India.

#### Revenue

	For the year ended March 31, 2019	For the year ended March 31, 2018
India	6,042.62	5,737.02
Outside India	750.49	495.96
<b>Total</b>	<b>6,793.11</b>	<b>6,232.98</b>

Refer to Note 41 on Financial Instruments and related disclosures for information on revenue from major customers.

**Note 33:** The Company had purchased 8.68 hectares of freehold land for a consideration of ₹ 15.59 crores in 2011-12 at Tehsil Laksar, District Haridwar, Uttarakhand State. Under the terms of sanction by the State Government for sale of such land, a manufacturing unit was to be set up within two years from the date of purchase of land, which owing to unforeseen circumstances could not take place. The District Collector vide order dated November 10, 2014 initiated proceedings for vesting the aforementioned land with the State Government. Based on legal advice, the Company had in the past years gone in appeal against the order of the District Collector with the Court of Board of Revenue, Dehradun, Uttarakhand State, ("the Court") which in the interim, had stayed the proceedings. The Court vide its order dated May 25, 2017 rejected the appeal filed by the Company, consequent to which the said freehold land has vested back with the State Government. The Company is in the process of evaluating various options to pursue the said order of the Court.

The Company had in the previous years, fully impaired the value of the aforesaid land. Consequent to the transition to Ind AS, and the Company's election to continue with the carrying amount of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date, the provision for impairment recorded in respect of the said land before the date of transition under previous GAAP cannot be reversed in later years.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 34: Related party transactions

#### (a) Details of related parties

##### Entity exercising significant influence

Johnson Controls (Mauritius) Private Limited, Mauritius

RNGalla Family Private Limited [w.e.f July 11, 2017]

RNGalla Family & Co.,(Partnership Firm) [upto July 10, 2017]

##### Entity where control exists - Subsidiary

Amara Raja Batteries Middle East (FZE),U.A.E [w.e.f. July 31, 2018]

##### Key Management Personnel (KMP)

Jayadev Galla

Vice-Chairman and Managing Director

##### Relative of Key Management Personnel

Dr. Ramachandra N Galla

Chairman and Non-Executive Director

##### Entities in which KMP / Relatives of KMP exercise significant influence

Asistmi Solutions Private Limited

Amara Raja Electronics Limited

G2 Healthcare Private Limited

Nine Nines Lifestyle Private Limited

Rajanna Trust

##### Subsidiaries of the entity exercising significant influence

Amaron Batteries Private Limited

Mangal Industries Limited

Amara Raja Infra Private Limited

Amara Raja Industrial Services Private Limited

Amara Raja Power Systems Limited

Amara Raja Media and Entertainment Private Limited

RNGalla Family Holdings Private Limited

Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 34: Related party transactions (Contd.)**

**(b) Transactions with the above related parties during the year were:**

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Sale of goods (Net of sale returns)</b>		
Amara Raja Power Systems Limited	27.99	39.16
Amara Raja Electronics Limited	-	(0.15)
Mangal Industries Limited	0.54	0.63
Amara Raja Industrial Services Private Limited	0.05	0.01
<b>Purchase of goods</b>		
Amara Raja Power Systems Limited	0.53	0.18
Amara Raja Electronics Limited	87.17	97.67
Mangal Industries Limited	825.65	660.87
<b>Availing of services</b>		
Amara Raja Infra Private Limited	3.21	4.50
Amara Raja Industrial Services Private Limited	62.06	54.88
<b>Purchase of Fixed Assets</b>		
Amara Raja Power Systems Limited	15.63	26.94
Amara Raja Electronics Limited	0.18	0.87
Mangal Industries Limited	33.07	35.22
Amara Raja Infra Private Limited	134.10	143.71
Amara Raja Industrial Services Private Limited	0.04	-
<b>Rent Expense</b>		
Jayadev Galla	3.32	3.22
Dr. Ramachandra N Galla	0.58	0.55
<b>Donation Expense</b>		
Rajanna Trust	14.70	14.28
<b>Expenses reimbursed to</b>		
Amara Raja Power Systems Limited	0.04	0.19
Amara Raja Electronics Limited	-	0.51
Mangal Industries Limited	0.03	0.07
Amara Raja Infra Private Limited	0.66	0.48
Amara Raja Industrial Services Private Limited	1.27	1.26
<b>Dividends Paid (including interim dividend)</b>		
RNGalla Family Private Limited	17.19	25.88
Johnson Controls (Mauritius) Private Limited	18.44	27.76
Mangal Industries Limited	1.29	1.95

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 34: Related party transactions (Contd.)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Expenses recovered from</b>		
Amara Raja Power Systems Limited	9.17	6.79
Amara Raja Electronics Limited	1.79	1.46
Mangal Industries Limited	12.22	11.49
Amara Raja Infra Private Limited	3.90	2.37
Amara Raja Industrial Services Private Limited	2.50	2.00
<b>Interest Income</b>		
Amara Raja Power Systems Limited	0.92	0.09
Amara Raja Electronics Limited	0.01	0.03
Mangal Industries Limited	0.60	0.19
Amara Raja Industrial Services Private Limited	0.00	0.001
Amara Raja Infra Private Limited	0.00	0.001
<b>Investment in subsidiary</b>		
Amara Raja Batteries Middle East (FZE)	0.28	-
<b>Advance for expenses</b>		
Amara Raja Batteries Middle East (FZE)	0.11	-
<b>Other recoveries</b>		
Mangal Industries Limited	37.10	10.74
<b>Remuneration</b>		
Jayadev Galla	39.69	38.86
<b>Commission</b>		
Dr. Ramachandra N Galla	23.82*	23.32

\* Subject to approval vide a special resolution by the members at the ensuing Annual General Meeting of the Company.

### (c) Balances receivable from / payable to related parties are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Trade Receivables</b>		
Amara Raja Power Systems Limited	15.50	9.53
Mangal Industries Limited	8.72	4.23
<b>Security Deposits</b>		
Jayadev Galla	2.04	2.04
Dr. Ramachandra N Galla	0.32	0.32



**Notes** to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 34: Related party transactions (Contd.)**

	As at March 31, 2019	As at March 31, 2018
<b>Interest Receivable</b>		
Amara Raja Power Systems Limited	0.13	0.003
Amara Raja Electronics Limited	0.00	0.001
Mangal Industries Limited	0.01	0.14
Amara Raja Infra Private Limited	0.002	-
Amara Raja Industrial Services Private Limited	-	0.002
<b>Advances (including contractually reimbursable expenses)</b>		
Amara Raja Electronics Limited	0.16	0.24
Amara Raja Power Systems Limited	2.75	0.64
Mangal Industries Limited	4.33	2.41
Amara Raja Infra Private Limited	7.88	0.70
Amara Raja Industrial Services Private Limited	0.10	0.34
Amara Raja Batteries Middle East (FZE)	0.11	-
<b>Trade payables</b>		
Amara Raja Power Systems Limited	0.07	0.07
Amara Raja Electronics Limited	4.85	4.97
Mangal Industries Limited	-	7.46
Amara Raja Infra Private Limited	0.38	0.11
Amara Raja Industrial Services Private Limited	4.78	6.31
<b>Payables on purchase of fixed assets</b>		
Amara Raja Power Systems Limited	3.67	5.39
Mangal Industries Limited	3.52	2.02
Amara Raja Infra Private Limited	16.22	29.62
Amara Raja Industrial Services Private Limited	0.19	-
<b>Investment in subsidiary</b>		
Amara Raja Batteries Middle East (FZE)	0.28	-
<b>Other Payables (Employee Related)</b>		
Jayadev Galla	37.42	36.51
<b>Commission payable to Non Executive Directors</b>		
Dr. Ramachandra N Galla	23.82	23.32
<b>Rent Payable</b>		
Jayadev Galla	0.29	0.21
Dr. Ramachandra N Galla	0.03	0.04
<b>Capital commitments</b>		
Amara Raja Power Systems Limited	14.14	6.50
Amara Raja Electronics Limited	0.20	0.08
Mangal Industries Limited	27.57	0.00
Amara Raja Infra Private Limited	183.73	28.50

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 35: Earnings per share (EPS)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit for the year (in ₹ crores) [A]	483.49	471.32
Weighted average number of equity shares outstanding during the year (No's) [B]	17,08,12,500	17,08,12,500
<b>Earnings per share (Face Value of ₹ 1 per share)</b>		
- Basic and diluted (in ₹) [A/B]	<b>28.31</b>	<b>27.59</b>

### Note 36: Leases

The Company's significant leasing arrangements are in respect of operating leases for premises (offices and warehouses). These leasing arrangements which are cancellable, range between 1 year and 9 years generally and are usually renewable by consent on mutually agreeable terms. The aggregate lease rentals of ₹ 18.42 crores (year ended March 31, 2018: ₹ 17.66 crores) paid under such arrangements has been charged to Statement of Profit and Loss as 'Rent' under Note 27.

### Note 37: Revenue expenditure capitalized to fixed assets/ capital work-in-progress

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Employee benefits expense	6.10	3.85
(b) Cost of material consumed (net) (Refer Note below)	6.17	2.68
(c) Power and Fuel	0.38	0.78
(d) Depreciation and amortization expense	0.30	0.52
(e) Others	0.63	0.96
<b>Total</b>	<b>13.58</b>	<b>8.79</b>

**Note:** Net of income from sale of batteries, scrap, etc., ₹ 5.44 crores (Year ended March 31, 2018: ₹ 1.54 crores)

### Note 38: Disclosure as per Regulation 53(F) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(i) Loans and advances in the nature of loans given to Companies in which Directors are interested ₹ Nil (March 31, 2018: ₹ Nil)

(ii) Details of investments made under Section 186 of the Companies Act, 2013 are disclosed in Note 5. There are no loans/guarantees issued under Section 186 of the Companies Act, 2013 read with rules issued thereunder.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 39: Details of expenditure incurred on research and development**

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Revenue Expenditure:</b>		
(a) Cost of materials consumed	0.94	0.59
(b) Consumption of stores and spares (including secondary packing material)	0.18	0.17
(c) Employee benefits expense	6.95	6.16
(d) Power and fuel	0.86	0.62
(e) Others	1.07	1.12
<b>Total Revenue Expenditure [A]</b>	<b>10.00</b>	<b>8.66</b>
<b>Capital expenditure [B]</b>	<b>3.66</b>	<b>1.60</b>
<b>Total [A+B]</b>	<b>13.66</b>	<b>10.26</b>

The Company has obtained approval from Department of Scientific and Industrial Research for claiming of weighted tax benefit under Section 35(2AB) of the Income Tax Act, 1961.

**Note 40: Details of Provisions**

(a) Provision for warranty is made for estimated warranty claims in respect of sale of certain storage batteries which are still under warranty at the end of the reporting period, the estimated cost of which is accrued at the time of sale. These claims are expected to be settled as and when warranty claims arise. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest that future claims could differ from historical amounts. The products are generally covered under a free warranty period ranging from 6 months to 42 months.

(b) The disclosure of provisions movement as required under the provisions of Ind AS 37 is as follows:-

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Balance as at April 1</b>	<b>85.90</b>	<b>81.49</b>
Additional provisions recognised	80.86	51.57
Amount utilised / reversed during the year	(57.40)	(51.52)
Unwinding of discount and effect of changes in the discount rate	5.89	4.36
<b>Balance as at March 31</b>	<b>115.25</b>	<b>85.90</b>
Out of the above,		
Classified under Non-current provisions (Refer Note 15)	56.71	33.73
Classified under Current provisions (Refer Note 15)	58.54	52.17

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 41: Financial instruments and Related Disclosures

#### A. Capital Management

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern. The capital structure of the Company is based on Management's judgment of its strategic day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary, adjust its capital structure.

Equity share capital and other equity are considered for the purpose of Company's Capital Management.

#### B. Categories of Financial Instruments

Particulars	Carrying value		Fair value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>				
<b>Measured at Amortised cost</b>				
(i) Cash and cash equivalents	50.15	48.73	50.15	48.73
(ii) Other bank balances	21.60	62.55	21.60	62.55
(iii) Trade receivables	768.58	782.45	768.58	782.45
(iv) Other financial assets	15.54	14.42	15.54	14.42
(v) Investments	0.01	0.01	0.01	0.01
<b>Measured at cost</b>				
(i) Investment in subsidiary	0.28	-	0.28	-
<b>Measured at FVTOCI</b>				
(i) Investments in equity instruments	19.87	19.80	19.87	19.80
<b>Measured at FVTPL</b>				
(a) Mandatorily measured:				
Current investment- Mutual funds	0.30	15.33	0.30	15.33
<b>Total Financial assets</b>	<b>876.33</b>	<b>943.29</b>	<b>876.33</b>	<b>943.29</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
(i) Borrowings	58.43	63.53	58.43	63.53
(ii) Trade payables	510.44	592.26	510.44	592.26
(iii) Other financial liabilities	158.89	163.34	158.89	163.34
<b>Total Financial liabilities</b>	<b>727.76</b>	<b>819.13</b>	<b>727.76</b>	<b>819.13</b>

Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 41: Financial instruments and Related Disclosures (Contd.)**

**C. Financial risk management objectives**

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard. The key risks and mitigating actions are overseen by the Board of Directors of the Company.

**Liquidity Risk**

The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilised credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2019 and March 31, 2018. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and mutual funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The Company's Current assets aggregate to ₹ 2,204.07 crores (March 31, 2018 - ₹ 2,152.30 crores) including Current investments, Cash and cash equivalents and Other bank balances of ₹ 72.05 crores (March 31, 2018 - ₹ 126.61 crores) against an aggregate Current liability of ₹ 902.47 crores (March 31, 2018- ₹ 992.98 crores). The table below provides details regarding the contractual maturities of significant Non-current financial liabilities as of March 31, 2019 and March 31, 2018:

**31-Mar-19**

	<b>1-3 years</b>	<b>3-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Borrowings	23.40	13.76	9.64	<b>46.80</b>

**31-Mar-18**

	<b>1-3 years</b>	<b>3-5 years</b>	<b>Above 5 years</b>	<b>Total</b>
Borrowings	24.08	17.82	16.53	<b>58.43</b>

Further, while the Company's total equity stands at ₹ 3335.32 crores (March 31, 2018: ₹ 2,937.39 crores), it has borrowings of ₹ 58.43 crores (March 31, 2018: ₹ 63.53 crores). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

**Market Risk**

The Company continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at March 31, 2019 is ₹ 19.87 crores (March 31, 2018 - ₹ 19.80 crores). Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Company is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing current investments are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation. The Company invests in Mutual Fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the Mutual Fund schemes in which the Company has invested, such price risk is not significant. Fixed deposits are held with highly rated banks and have a short tenure and are not subject to interest rate volatility.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 41: Financial instruments and Related Disclosures (Contd.)

#### Foreign Currency Risk

The Company is subject to the risk that changes in foreign currency values impact the Company's export revenues and import of raw materials and property, plant and equipment. The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to US Dollars. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risk.

The Company manages currency exposures within prescribed limits. The aim of the Company's approach to management of currency risk is to leave the Company with no material residual risk.

The carrying amounts of non-derivative foreign currency denominated financial assets and liabilities are as follows:

As at March 31, 2019						(₹ in crores)
	USD	EURO	GBP	Other currencies*	Total	
<b>Financial Assets</b>						
- Trade receivables	45.98	-	-	-	<b>45.98</b>	
- Cash and cash equivalents	15.71	0.01	-	0.01	<b>15.73</b>	
<b>Financial Liabilities</b>						
- Trade Payables	(91.20)	(3.78)	(1.53)	(0.17)	<b>(96.68)</b>	
<b>Net financial asset / (liability)</b>	<b>(29.51)</b>	<b>(3.77)</b>	<b>(1.53)</b>	<b>(0.16)</b>	<b>(34.97)</b>	

As at March 31, 2018						(₹ in crores)
	USD	EURO	GBP	Other currencies*	Total	
<b>Financial Assets</b>						
- Trade receivables	35.52	-	-	-	<b>35.52</b>	
- Cash and cash equivalents	12.73	0.01	-	0.01	<b>12.75</b>	
<b>Financial Liabilities</b>						
- Trade Payables	(174.79)	(15.05)	(1.49)	(0.28)	<b>(191.61)</b>	
<b>Net financial asset / (liability)</b>	<b>(126.54)</b>	<b>(15.04)</b>	<b>(1.49)</b>	<b>(0.27)</b>	<b>(143.34)</b>	

\* Others includes currencies such as Japanese Yen, Dirhams, Russian ruble, South Korean Won, Israeli New Shekel, etc.

#### Foreign currency sensitivity analysis

For every percentage point increase in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, holding all other variables constant, the profit before tax for the year ended March 31, 2019 would change by ₹ (0.29) crores [March 31, 2018: ₹ (1.29) crores]. For every percentage point decrease in the underlying exchange rate would have led to an equal but opposite effect.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligation.

Concentration of credit risk with respect to trade receivables are limited, due to Company's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a monthly basis. The Company's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognised, where considered appropriate by responsible management.

The credit risk on cash and bank balances and fixed deposits is limited because the counterparties are banks with high credit ratings.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 41: Financial instruments and Related Disclosures (Contd.)

The following table gives details in respect of revenues generated from top customer and top 5 customers:

	(₹ in crores)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from top customer from whom the Company receives 10% or more of its revenues	-	-
Revenue from top 5 customers	748.02	732.30

#### D. Fair value measurement

##### Fair value hierarchy

The fair value of financial instruments as referred to in Note 41.B above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]

The following levels have been used for classification:

- Level 1: Quoted prices (unadjusted) for identical instruments in active market.
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs
- Level 3: Inputs which are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly for certain unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value. There has been no change in the valuation methodology for Level 3 inputs during the year. The Company has classified certain unquoted equity instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

Financial Instrument	Valuation Technique	Key inputs used	Sensitivity
Investments in unquoted equity instrument at FVTOCI [1.65% equity instrument in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India]	Discounted Cash Flow Method	Long term growth rates, taking into account management's experience and knowledge of market conditions of the specific industry, ranging from 1% to 3% (as at March 31, 2018: 1% to 3%).	If the Long-term revenue growth rates used were 1% higher/lower while all other variables were held constant, the carrying amount of the shares would increase / (decrease) by ₹ 0.63 crores and ₹ (0.56) crores respectively [as at March 31, 2018: ₹ 0.78 crores and ₹ (0.69) crores respectively]
		Weighted average cost of capital (WACC) as determined 17% to 18% (as at March 31, 2018: 17% to 18%).	A 1% increase / (decrease) in WACC or discount rate used while holding all other variables constant would (decrease) / increase the carrying amount of the unquoted equity investments by ₹ (1.06) crores and ₹1.20 crores respectively [as at March 31, 2018: ₹ (1.20) crores) and ₹ 1.37 crores respectively]

#### Note:

These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI irrevocably as the Management believes that this provides a more meaningful presentation for long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

## Notes to the financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 41: Financial instruments and Related Disclosures (Contd.)

The following table presents the fair value hierarchy of assets measured at fair value on a recurring basis :

	Fair value hierarchy (Level)	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>			
<b>a) Measured at amortised cost</b>			
i) Other financial assets(non-current)	3	6.95	5.27
<b>Sub-total</b>		<b>6.95</b>	<b>5.27</b>
<b>b) Measured at fair value through OCI</b>			
i) Equity Shares - Quoted	1	0.23	0.24
ii) Equity Shares - Unquoted	3	19.64	19.56
<b>Sub-total</b>		<b>19.87</b>	<b>19.80</b>
<b>c) Measured at fair value through profit or loss</b>			
i) Investment in Mutual Funds	1	0.30	15.33
<b>Sub-total</b>		<b>0.30</b>	<b>15.33</b>
<b>Total Financial assets measured at fair value</b>		<b>27.12</b>	<b>40.40</b>
<b>Financial liabilities</b>			
<b>a) Measured at amortised cost</b>			
i) Borrowings (non-current)	3	46.80	58.43
<b>Total Financial liabilities measured at fair value</b>		<b>46.80</b>	<b>58.43</b>

### Note 42: Dividend

Dividend on equity shares paid during the year	2018-19	2017-18
Final dividend for FY 2017-18 (₹ 2.15 per equity share of ₹ 1 each) [ for FY 2016-17 ₹ 4.25 per equity share]	36.72	72.60
Dividend distribution tax on final dividend	7.55	14.80
Interim dividend for the FY 2018-19 (₹ 2 per equity share of ₹ 1 each) [for FY 2017-18 ₹ 2 per equity share]	34.16	34.16
Dividend distribution tax on interim dividend	7.03	6.96
	<b>85.46</b>	<b>128.52</b>

The Board of Directors at its meeting held on May 15, 2019 have recommended a final dividend of ₹5.08 per equity share of face value of ₹ 1 each for the financial year ended March 31, 2019. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability. Interim dividend of ₹ 2 per equity share of face value of ₹ 1 each approved by the Board of Directors at its meeting held on November 09, 2018 was paid during the current year. The total dividend (including interim dividend) for FY 2018-19 amounts to ₹ 7.08 per equity share (Previous year ₹ 4.15 per equity share).

**Note 43:** Subsequent to the year-end, consequent to the announcement by Johnson Controls International PLC on the proposed sale of its power solutions business, a decision to acquire 2% equity shares of the Company by Galla Family (promoters group) from Johnson Controls (Mauritius) Private Limited was agreed to between the said parties. Also the shareholders' agreement with Johnson Controls (Mauritius) Private Limited and other agreements with Johnson Controls were terminated with effect from April 1, 2019.

**Note 44:** The financial statements are approved for issue by the Audit Committee and Board of Directors at their meetings held on May 15, 2019.

#### For and on behalf of the Board of Directors

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer



# INDEPENDENT AUDITORS' REPORT

## To the Members of

## Amara Raja Batteries Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Amara Raja Batteries Limited ("the Parent") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditors on the separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditors' Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditors' Response
1	<p><b>Revenue Recognition - Sale of goods</b></p> <p>Refer Note 2M "Revenue Recognition" to the Consolidated Financial Statements under Significant Accounting Policies.</p> <p>Revenue is recognised net of returns and discounts, when control over the goods is transferred to the customer which is mainly upon delivery of goods as per the terms of contracts with customers.</p> <p>The timing of revenue recognition is relevant as there is a risk of revenue being recorded before control is transferred.</p>	<p>We have performed the following principal audit procedures in relation to revenue recognised which include a combination of testing internal controls and substantive testing as under:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the Group's revenue recognition accounting policies in line with Ind AS 115 ("Revenue from Contracts with Customers") and testing thereof.</li> <li>Evaluating the integrity of the general information and technology ('IT') control environment and testing the operating effectiveness of key IT application controls.</li> <li>Understanding the revenue recognition process, evaluating the design and implementation of Group's controls in respect of revenue recognition.</li> <li>Testing the effectiveness of such controls over revenue cut off at year-end.</li> <li>Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.</li> <li>Performing analytical procedures on current year revenue based on monthly trends and where appropriate, conducting further enquiries and testing.</li> </ul>

<b>2</b>	<p><b>Provision for warranty obligations</b></p> <p>Refer Note 2 D(i) under Significant Accounting Policies for Use of estimates and judgements in relation to provision for warranty obligations and Note 40 to the Consolidated Financial Statements.</p> <p>The Group estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. The cost of warranty is net of realisable scrap value and the best estimate of relevant freight expenses. The timing of outflows will vary based on the actual warranty claims.</p> <p>The determination of warranty provision is associated with unavoidable estimation uncertainties.</p> <p>Because of the quantitative significance, complexity and level of judgement involved, there is a risk of inappropriate and inadequate provision for warranty obligation.</p>	<p>We carried out a combination of principal audit procedures involving test of internal controls and substantive testing including:</p> <ul style="list-style-type: none"> <li>• Understanding the warranty claims process, evaluating the design and implementation of Group's controls in respect of warranty provisioning.</li> <li>• Testing the operating effectiveness of these controls during the year.</li> <li>• Carrying out reconciliations with the sales data to determine completeness of transactions on which warranty obligation is determined.</li> <li>• Reviewing contracts with customers for terms of warranty contained therein and the estimation of warranty provision on the basis of these terms.</li> <li>• Testing of the data and assumptions used in the calculation of the provision for warranty obligations including those relating to estimates of failure percentages, etc.</li> <li>• Testing documentation relating to actual warranty replacement and an analysis of the actual failure trend with the estimates used in determining future warranty obligation.</li> </ul>
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### Information Other than the Financial Statements and Auditors' report thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the Directors' Report and Annexures to the Directors' report (but does not include the consolidated financial statements, standalone financial statements and our auditors' reports thereon), of which we obtained the Directors' report, Management Discussion & Analysis and Corporate Governance Report prior to the date of this auditors' report, and the remaining information is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to that entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of Directors' report and annexures to Directors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial statements / financial information of one subsidiary, whose financial statements reflect total assets of ₹ 0.15 crores as at March 31, 2019, total revenues of ₹ Nil and net inflows amounting to ₹ 0.08 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of other auditor.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on the separate financial statements / financial information of the subsidiary referred to in the Other Matters section above, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company none of the directors of the Parent, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act. The subsidiary is a Company incorporated outside India.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Parent to its Vice Chairman and Managing Director during the year is in accordance with the provisions of Section 197 of the Act. The Commission payable to the Non-Executive Chairman and Independent Directors of the Parent is subject to approval vide a special resolution by the members at the ensuing Annual General Meeting of the Parent.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii) The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Hyderabad, May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Hyderabad, May 15, 2019

## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ Section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Amara Raja Batteries Limited (hereinafter referred to as “the Parent”/“the Company”), as of that date. The subsidiary is a Company which is incorporated outside India.

#### Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Parent’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and

evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed 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. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Brahmayya & Co.  
Chartered Accountants  
(F.R.N : 000513S)

Karumanchi Rajaj  
Partner  
M.No. 202309

Hyderabad, May 15, 2019

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

Sumit Trivedi  
Partner  
M.No. 209354

Hyderabad, May 15, 2019

## Consolidated Balance Sheet as at March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	Notes	As at March 31, 2019
<b>A. ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	3	1,809.05
(b) Capital work-in-progress	3	233.88
(c) Other intangible assets	4	3.71
(d) Intangible assets under development	4	80.86
<b>(e) Financial assets</b>		
(i) Investments	5	19.88
(ii) Other financial assets	6	6.95
(f) Income tax assets (net)	19	21.48
(g) Other non-current assets	11	115.78
<b>Total non-current assets</b>		<b>2,291.59</b>
<b>Current assets</b>		
(a) Inventories	7	1,061.42
<b>(b) Financial assets</b>		
(i) Investments	5	0.30
(ii) Trade receivables	8	768.58
(iii) Cash and cash equivalents	9	50.23
(iv) Bank balances other than (iii) above	10	21.60
(v) Other financial assets	6	8.60
(c) Other current assets	11	293.38
<b>Total current assets</b>		<b>2,204.11</b>
<b>Total assets</b>		<b>4,495.70</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	12	17.08
(b) Other equity	13	3,317.96
<b>Total equity attributable to owners of the Company</b>		<b>3,335.04</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>(a) Financial liabilities</b>		
(i) Borrowings	14	46.80
(b) Provisions	15	69.46
(c) Deferred tax liabilities (net)	16	95.91
(d) Other non-current liabilities	20	45.98
<b>Total non-current liabilities</b>		<b>258.15</b>
<b>Current liabilities</b>		
<b>(a) Financial liabilities</b>		
(i) Trade payables	17	
-Total outstanding dues of Micro enterprises and small enterprises		59.60
-Total outstanding dues of creditors other than Micro enterprises and small enterprises		450.85
(ii) Other financial liabilities	18	170.55
(b) Provisions	15	61.89
(c) Other current liabilities	20	159.62
<b>Total current liabilities</b>		<b>902.51</b>
<b>Total equity and liabilities</b>		<b>4,495.70</b>
<b>Group information</b>	1	
<b>Significant accounting policies</b>	2	

See accompanying notes to the consolidated financial statements

**In terms of our report attached**

**For Brahmayya & Co.**

Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**

Partner  
M.No. 202309

Place: Hyderabad  
Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**

Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**

Partner  
M.No. 209354

Place: Hyderabad  
Date: May 15, 2019

**For and on behalf of the Board of Directors**

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer

Consolidated Statement of profit and loss for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

	Notes	For the year ended March 31, 2019
<b>I Revenue from operations</b>	21	6,793.11
<b>II Other income</b>	22	46.77
<b>III Total Income (I+II)</b>		<b>6,839.88</b>
<b>IV Expenses</b>		
Cost of materials consumed		4,603.06
Purchases of stock-in-trade		170.18
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(129.14)
Employee benefits expense	24	345.39
Finance costs	25	6.95
Depreciation and amortization expense	26	261.20
Other expenses	27	852.13
<b>Total Expenses</b>		<b>6,109.77</b>
<b>V Profit before tax (III - IV)</b>		<b>730.11</b>
<b>VI Tax expense</b>	28	
(i) Current tax		238.78
(ii) Deferred tax expense		8.10
<b>Total tax expense</b>		<b>246.88</b>
<b>VII Profit for the year (V - VI)*</b>		<b>483.23</b>
<b>VIII Other Comprehensive Income</b>		
(i) Items that will not be reclassified to profit or loss :		
(a) Remeasurements of the defined benefit plans		(0.17)
(b) Equity instruments through other comprehensive income		0.07
(ii) Items that will be reclassified to profit or loss:		
(a) Exchange difference in translating the financial statements of foreign subsidiary		(0.02)
<b>Total Other Comprehensive Income / (Loss) [(i)+(ii)]</b>		<b>(0.12)</b>
<b>IX Total comprehensive income for the year (VII + VIII)*</b>		<b>483.11</b>
*Attributable to owners of the Company		
<b>Earnings per share (of ₹ 1 each)</b>	33	
Basic and Diluted (₹)		<b>28.29</b>
<b>Group information</b>	1	
<b>Significant accounting policies</b>	2	

See accompanying notes to the consolidated financial statements

**In terms of our report attached**

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

**For and on behalf of the Board of Directors**

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer

Place: Hyderabad  
Date: May 15, 2019

Place: Hyderabad  
Date: May 15, 2019

## Consolidated Cash Flow Statement for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

For the year ended March 31, 2019

		For the year ended March 31, 2019
<b>A.</b>	<b>Cash flows from operating activities</b>	
	Profit before tax	730.11
	<b>Adjustments for:</b>	
	Depreciation and amortisation expense	261.20
	Loss on sale of property, plant and equipment (net) / written off	3.48
	Finance costs	6.95
	Interest income on bank deposits	(2.77)
	Dividend income from equity instruments designated at FVTOCI	(0.00)
	Gain on disposal of mutual fund units	(5.35)
	Deferred revenue recognised	(8.41)
	Net gain arising on financial assets mandatorily measured at FVTPL	(0.02)
	Liabilities no longer required written back	(3.83)
	Provision for doubtful trade receivables written back	(1.79)
	Provision for doubtful trade receivables	2.67
	Bad trade receivables written off (net)	0.33
	Net unrealised foreign exchange gain	(15.52)
		<b>236.94</b>
	<b>Operating profit before working capital changes</b>	<b>967.05</b>
	<b>Movements in working capital</b>	
	<b>Adjustments for (increase)/decrease in operating assets:</b>	
	- Trade receivables	12.05
	- Inventories	(11.71)
	- Other assets	(119.20)
	<b>Adjustments for increase/(decrease) in operating liabilities:</b>	
	- Trade payables	(76.71)
	- Other liabilities	(12.84)
	- Provisions	24.18
		<b>(184.23)</b>
	<b>Cash generated from operations</b>	<b>782.82</b>
	Income taxes paid	(241.68)
	<b>Net cash generated from operating activities [A]</b>	<b>541.14</b>
<b>B.</b>	<b>Cash flows from investing activities</b>	
	Purchase of property, plant and equipment	(528.47)
	Proceeds from sale of property, plant and equipment	0.25
	Purchase of current investments	(1,025.00)
	Proceeds from sale / redemption of current investments	1,045.40
	Bank balances not considered as cash and cash equivalents (net)	41.18
	Interest received	3.78
	Dividend income	0.00
	<b>Net cash used in investing activities [B]</b>	<b>(462.86)</b>



**Consolidated Cash Flow Statement** for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

<b>C. Cash flows from financing activities</b>	<b>For the year ended March 31, 2019</b>
Repayment of borrowings	(5.10)
Finance costs	(1.06)
Dividend paid including tax on dividend (refer Note 39)	(85.46)
<b>Net cash used in financing activities [C]</b>	<b>(91.62)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(13.34)</b>
Cash and cash equivalents at the beginning of the year (Refer Note 43)	48.73
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	14.84
<b>Cash and cash equivalents at the end of the year (Refer Note 9)</b>	<b>50.23</b>

**Notes:**

(a) The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS - 7) - Statement of Cash Flows.

**(b) Reconciliation of liabilities from financing activities for the year ended March 31, 2019**

	<b>As at March 31, 2018</b>	<b>Cash Flows</b>	<b>Non cash changes Current / Non-current Classification</b>	<b>As at March 31, 2019</b>
Borrowings, Non Current	58.43	-	(11.63)	46.80
Other Financial Liabilities	5.10	(5.10)	11.63	11.63
	<b>63.53</b>	<b>(5.10)</b>	<b>-</b>	<b>58.43</b>

See accompanying notes to the consolidated financial statements

**In terms of our report attached**

**For Brahmaya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Place: Hyderabad  
Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(F.R.N : 117366W/W-100018)

**Sumit Trivedi**  
Partner  
M.No. 209354

Place: Hyderabad  
Date: May 15, 2019

**For and on behalf of the Board of Directors**

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer

## Consolidated Statement of changes in equity for the year ended March 31, 2019

All amounts are in ₹ crores, except share data and where otherwise stated

Equity share capital	Amount
<b>Balance at March 31, 2018 (Refer Note 43)</b>	<b>17.08</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>17.08</b>

	Reserves and surplus				Foreign Currency Translation Reserve account	Equity investments through other comprehensive income	Total
	Securities premium	Capital reserve*	General reserve	Retained earnings			
<b>Balance at March 31, 2018 [Refer Note 43]</b>	<b>31.19</b>	<b>0.00</b>	<b>403.48</b>	<b>2,475.17</b>	-	<b>10.47</b>	<b>2,920.31</b>
Profit for the year	-	-	-	483.23	-	-	483.23
Other comprehensive income for the year net of income tax	-	-	-	(0.17)	(0.02)	0.07	(0.12)
<b>Total comprehensive income for the year 2018-19</b>				<b>483.06</b>	<b>(0.02)</b>	<b>0.07</b>	<b>483.11</b>
Payment of dividends (including tax thereon) [Refer Note 39]	-	-	-	(85.46)	-	-	<b>(85.46)</b>
Transfer for General reserve	-	-	48.35	(48.35)	-	-	-
<b>Balance at March 31, 2019</b>	<b>31.19</b>	<b>0.00</b>	<b>451.83</b>	<b>2,824.42</b>	<b>(0.02)</b>	<b>10.54</b>	<b>3,317.96</b>

\* Amounts below ₹ 1 lakh

See accompanying notes to the consolidated financial statements

### In terms of our report attached

**For Brahmayya & Co.**  
Chartered Accountants  
(F.R.N : 000513S)

**Karumanchi Rajaj**  
Partner  
M.No. 202309

Place: Hyderabad  
Date: May 15, 2019

**For Deloitte Haskins & Sells LLP**  
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**Sumit Trivedi**  
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M.No. 209354

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Date: May 15, 2019

### For and on behalf of the Board of Directors

**Dr. Ramachandra N Galla**  
Chairman

**S.Vijayanand**  
Chief Executive Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

**Jayadev Galla**  
Vice Chairman and Managing Director

**Delli Babu Y**  
Chief Financial Officer

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## 1. Group Information

The Consolidated Financial Statements comprise financial statements of Amara Raja Batteries Limited ("the parent" or "the Company") and its wholly-owned subsidiary Amara Raja Batteries Middle East (FZE) U.A.E. (collectively, "the Group").

The Company is one of the largest manufacturer of lead-acid storage batteries for industrial and automotive applications in India. The equity shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited. The Company's products are supplied to customer groups viz., Telecom, Railways, Power Control, Solar and UPS under Industrial Battery business; and to Automobile OEMs, Replacement Market and Private Label Customers under Automotive Battery business. The Company's products are exported to various countries in the Indian Ocean Rim. The Company also provides installation, commissioning and maintenance services. The leading automotive and industrial battery brands of the Company are Amaron®, PowerZone™, Power Stack®, AmaronVolt® and Quanta®.

The subsidiary is incorporated for trading of lead acid storage batteries in the Middle East.

## 2. Significant Accounting Policies

### A. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") read together with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Act.

### B. Basis of preparation of Consolidated Financial Statements

These Consolidated Financial Statements have been prepared on historical cost convention and on an accrual basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. These consolidated financial statements are presented in Indian Rupees (₹).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

#### Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is assessed annually with reference to the voting power (usually arising from equity shareholdings and potential voting rights) and other rights (usually contractual) enjoyed by the Group in its capacity as an investor that provides it the power and consequential ability to direct the investee's activities and significantly affect the Group's returns from its investment. Such assessment requires the exercise of judgment and is disclosed by way of note in the Consolidated Financial Statements. The Group is considered not to be in control of entities where it is unclear as to whether it enjoys such power over the investee.

The assets, liabilities, income and expenses of subsidiaries are aggregated and consolidated, line by line, from the date control is acquired by any Group entity to the date it ceases. Profit or loss and each component of other comprehensive income are attributed to the Group as owners and to the non-controlling interests. The Group presents the non-controlling interests in the Balance Sheet within equity, separately from the equity of the Group as owners. The excess of the Group's investment in a subsidiary over its share in the net worth of such subsidiary on the date control is acquired is treated as goodwill while a deficit is considered as a capital reserve in the Consolidated Financial Statements. Impairment loss if any, to the extent the carrying amount exceeds the recoverable amount is charged off to the Consolidated Statement of Profit and Loss as it arises and is not reversed.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### C. Operating Cycle

All assets have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act and Ind AS 1 – Presentation of Financial Statements, based on the nature of the products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### D. Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

The following are the critical judgements and estimates that have been made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

## i) Provision for warranty

The Group estimates and provides for liability for product warranties in the year in which the products are sold. These estimates are established using historical information on the nature, frequency, quantum of warranty claims and corrective actions against product failures and the estimates are reviewed annually for any material changes in assumptions. The cost of warranty is net of realisable scrap value and the best estimate of relevant freight expenses. The timing of outflows will vary based on the actual warranty claims.

## ii) Useful lives of Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by Management at the time the asset is acquired and are reviewed at the end of each reporting period. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

## iii) Fair value measurement of financial instruments

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent available. Where Level 1 inputs are not available, the fair value is measured using valuation techniques, including the discounted cash flow model, which involves various judgments and assumptions. The Group also engages third party qualified valuers to perform the valuation in certain cases. The appropriateness of valuation techniques and inputs to the valuation model are reviewed by the Management.

## iv) Income Taxes

The Parent's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

## v) Actuarial Valuation

The determination of Group's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Consolidated Statement of Profit and Loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors. Information about such valuation is provided in the notes to the consolidated financial statements.

## vi) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of consolidated financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Group estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

## E. Inventories

Inventories are stated at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The method of determination of cost of various categories of inventories is as follows:

- (i) **Raw materials and bought-out components, stores and spares and loose tools:** Weighted average cost. Cost includes purchase cost and other attributable expenses.
- (ii) **Finished Goods and Work-in-progress:** Weighted average cost of production which comprises direct material cost, direct wages and appropriate overheads based on normal level of activity. Excise duty is included in the value of finished goods upto June 30, 2017.
- (iii) **Stock-in-trade:** Weighted average cost.

## F. Property, plant and equipment

### (i) Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes deemed cost which represents the carrying value of property, plant and equipment recognised as at April 1, 2015 measured as per the Accounting

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

Standards notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014, which the Group elected in accordance with Ind AS 101.

Cost comprises the purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure in making the asset ready for its intended use. Machinery spares which can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the spares or the principal item of the relevant assets, whichever is lower.

Capital work in progress are items of property, plant and equipment which are not yet ready for their intended use and are carried at cost, comprising direct cost and related incidental expenses.

## (ii) Depreciation:

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act except in respect of the following category of assets, in which case the life of the assets has been assessed based on technical advice taking into account the nature of the asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement, maintenance support, etc., Freehold land is not depreciated.

Asset	Useful lives (in years)
Plant and machinery (including electrical installations and moulds)	1-10

Property, plant and equipment's residual values and useful lives are reviewed at each Consolidated Balance Sheet date and changes, if any, are treated as changes in accounting estimate.

Assets individually costing ₹ 5,000 and below are fully depreciated in the year of acquisition.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or where shorter, the term of the relevant lease. Leasehold improvements are amortized over the lower of estimated useful life and lease term.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

## G. Intangible assets

Intangible assets that the Group controls and from which it expects future economic benefits are capitalised upon acquisition and measured initially for separately acquired assets, at cost comprising of the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the assets for its intended use. The useful life of an intangible asset is considered finite where there is a likelihood of technical and technological obsolescence.

Intangible assets that have finite lives are amortised over their estimated useful lives as per the straight line method unless it is practical to reliably determine the pattern of benefits arising from the asset.

All intangible assets are tested for impairment. Amortisation expenses, impairment losses and reversal of impairment losses are considered in the Consolidated Statement of Profit and Loss. After initial recognition an intangible asset is carried at its costs less accumulated amortization and /or impairment losses.

## H. Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets or cash generating units exceed their recoverable amount.

Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life.

Impairment loss recognised in prior years are reversed when there is an indication that the impairment losses recognised no longer exist or have decreased. Such reversals are recognised as an increase in carrying amounts of assets to the extent that it does not exceed the carrying amounts that would have been determined (net of amortization or depreciation) had no impairment loss been recognised in previous years.

## I. Foreign currency transactions and translations

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities relating to foreign currency

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

transactions remaining unsettled at the end of each reporting period are translated at the exchange rates prevailing at that date. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date when fair value is measured. Exchange differences arising on actual payment/ realization and translations referred to above are recognised in the Consolidated Statement of Profit and Loss.

With effect from April 1, 2018, the Group has adopted Appendix B to Ind AS 21, 'Foreign currency transactions and advance consideration' which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income where an entity has received or paid advance consideration in foreign currency is the date on which such advance is received or paid. The effect on account of adoption of this amendment was insignificant.

## **Translation of financial statements of foreign entities**

On consolidation, the assets and liabilities of foreign operations are translated into ₹ (Indian Rupees) at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in consolidated statement of Other Comprehensive Income ('OCI'). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to the Consolidated Statement of Profit and Loss.

## **J. Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group will comply with the conditions attached to the grant.

Government grants related to revenue are recognised on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognised as deferred revenue in the Consolidated Balance Sheet and transferred to the Consolidated Statement of Profit and Loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## **K. Employee benefits**

### **(i) Defined contribution plans**

The Group's contributions to Provident Fund (Government administered), Employees' State Insurance Scheme and Superannuation Fund (under a scheme of Life Insurance Corporation of India), considered as defined contribution plans are charged as an expense in the Consolidated Statement of Profit and Loss when the employees have rendered services entitling them to the contributions.

### **(ii) Defined benefit plans**

For defined benefit plans in the form of gratuity fund, administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The defined benefit obligations recognized in the Consolidated Balance Sheet represents the present value of the defined obligations as reduced by the fair value of plan assets, if applicable. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the Consolidated Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and are not re-classified to the Consolidated Statement of Profit and Loss in the subsequent periods. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability (asset) are recognized in the Consolidated Statement of Profit and Loss.

### **(iii) Short term and other long term employee benefits**

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognises accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Group recognises actuarial gains and losses immediately in the Consolidated Statement of Profit and Loss.

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## L. Revenue recognition

### Sale of goods:

Revenue is recognised net of returns and discounts, when control over the goods is transferred to the customer which is mainly upon delivery of goods as per terms of the contracts with customers.

Sales related warranties associated with batteries cannot be purchased separately and they serve as an assurance that the products sold comply with agreed upon specifications. Accordingly, the Company accounts for warranties in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Effective from April 1, 2018, the Company has adopted Ind AS 115 "Revenue from contracts with customers". The effect on the Financial Statements on adoption of Ind AS 115 was insignificant.

### Sale of services:

Revenue from installation, commissioning and maintenance services is recognised based on the contracts with customers and when the services are rendered by measuring progress towards satisfaction of performance obligation for such services.

### Other Income:

Interest income is recognised using effective interest method. Dividend income is accounted for in the year when the right to receive such dividend is established and the amount of dividend can be measured reliably.

## M. Financial instruments, Financial assets, Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial asset or financial liabilities at fair value through profit or loss are recognized immediately in the Consolidated Statement of Profit and Loss.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on the trade date i.e. the date when the Group commits to purchase or sell the asset.

The classification of financial instruments depends on the objective of the Group's business model for which it is held and on the substance of the contractual terms / arrangements. Management determines the classification of its financial instruments at initial recognition.

### (i) Financial assets

**Recognition:** Financial assets include Investments, Trade receivables, Security Deposits, Cash and cash equivalents. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the Consolidated Statement of Profit and Loss.

**Classification:** Financial assets are classified as those measured at:

- (a) amortised cost, where the financial assets are held within a business model solely for collection of cash flows arising from payments of principal and/ or interest as per contractual terms. Such assets are subsequently measured at amortised cost using the effective interest method, less any impairment loss.
- (b) fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.
- (c) fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

**Trade receivables :** Security Deposits, Cash and cash equivalents etc. are classified for measurement at amortised cost while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured

# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

at fair value through profit or loss, an irrevocable election on an instrument by instrument basis at initial recognition may be made to present subsequent changes in fair value through other comprehensive income. This election is not permitted if the equity instrument is held for trading.

**Impairment:** The Group assesses at each reporting date whether a financial asset (or a group of financial assets) such as investments, trade receivables, and security deposits held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

**Reclassification:** When and only when the business model is changed, the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit or loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial Instruments.

**De-recognition:** Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Concomitantly, if the asset is one that is measured at:

- (a) amortised cost, the gain or loss is recognised in the Consolidated Statement of Profit and Loss;
- (b) fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Consolidated Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously recognized in other comprehensive income and accumulated in the "equity instruments through other comprehensive income" will not be reclassified to profit or loss on disposal of the investments.

## (ii) Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry. The difference between the carrying amount of the financial liabilities de-recognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

## Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is included in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

## N. Leases

### Finance lease

Assets taken on lease by the Group in its capacity as lessee, where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments and a liability is recognised for an equivalent amount.

### Operating lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease. Operating lease payments are recognised on a straight line basis over the lease term in the Consolidated Statement of Profit and Loss, unless the lease agreement explicitly states that increase is on account of inflation.

## O. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.



# Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

## Current Tax

Current tax is measured at the amount expected to be paid to or recovered from the taxation authorities based on the taxable profit for the year. Taxable profit differs from "Profit before tax" as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the tax laws. The tax rates and tax laws used to compute the current tax amount are those that are enacted by the reporting date and applicable for the period. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

## Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of such deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The deferred tax assets (net) and deferred tax liabilities (net) are determined separately for the parent and subsidiary company as per their applicable laws and then aggregated. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the corresponding current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

## P. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle such obligation and a reliable estimate can be made of the amount of such obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be recovered and the amount of the receivable can be measured reliably.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

## Q. Research and development expenses

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant and equipment.

## R. Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

## S. Cash and cash equivalents

Cash and cash equivalents for purposes of cash flow statement include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Group's cash management system.

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### T. Recent accounting pronouncements

#### New Standards and interpretations not yet adopted:

##### Ind AS – 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 'Leases' and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

##### Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

##### Amendment to Ind AS 12 'Income Taxes':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

##### Amendment to Ind AS 19, 'Employee Benefits':

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Group is evaluating the effect of the above on its consolidated financial statements.

	As at March 31, 2019
<b>Note 3: Property, plant and equipment and capital work-in-progress</b>	
<b>Carrying amounts of:</b>	
Land	
- Freehold	1.24
- Leasehold	69.80
Leasehold improvements	26.53
Buildings	529.47
Plant and Equipment (including electrical installations)	1,124.75
Furniture and fixtures	11.21
Vehicles	11.03
Office equipment	26.80
Computer	8.22
	<b>1,809.05</b>
Capital work-in-progress	233.88
	<b>233.88</b>

**Notes** to the consolidated financial statements  
 All amounts are in ₹ crores, except share data and where otherwise stated

**Note 3: Property, plant and equipment and capital work-in-progress (contd.)**

	Freehold land	Leasehold land	Leasehold improvements	Buildings	Plant and Equipment (including electrical installations)	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
<b>(A) Cost or deemed cost</b>										
<b>Balance at March 31, 2018 [Refer Note 43]</b>	1.24	67.53	49.76	585.89	1,447.95	14.95	13.15	42.56	20.19	2,243.22
Additions	-	4.76	-	29.25	321.56	1.81	3.18	8.57	4.55	373.68
Disposals/adjustments	-	-	-	(0.06)	(8.68)	(0.05)	(0.85)	(0.47)	(0.35)	(10.46)
<b>Balance at March 31, 2019</b>	<b>1.24</b>	<b>72.29</b>	<b>49.76</b>	<b>615.08</b>	<b>1,760.83</b>	<b>16.71</b>	<b>15.48</b>	<b>50.66</b>	<b>24.39</b>	<b>2,606.44</b>
<b>(B) Accumulated depreciation and impairment</b>										
<b>Balance at March 31, 2018 [Refer Note 43]</b>	-	1.80	14.46	56.86	437.91	3.95	3.05	15.94	11.06	545.03
Depreciation expense	-	0.69	8.77	28.78	204.66	1.58	1.79	8.26	5.29	259.82
Eliminated on disposal of assets	-	-	-	(0.03)	(6.49)	(0.03)	(0.39)	(0.34)	(0.18)	(7.46)
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>2.49</b>	<b>23.23</b>	<b>85.61</b>	<b>636.08</b>	<b>5.50</b>	<b>4.45</b>	<b>23.86</b>	<b>16.17</b>	<b>797.39</b>
<b>(C) Carrying amount</b>										
<b>Balance at March 31, 2019</b>	<b>1.24</b>	<b>69.80</b>	<b>26.53</b>	<b>529.47</b>	<b>1,124.75</b>	<b>11.21</b>	<b>11.03</b>	<b>26.80</b>	<b>8.22</b>	<b>1,809.05</b>

Notes:

- The amount of expenditure recognised in the carrying amount of property, plant and equipment (including capital work-in-progress) in the course of construction is ₹ 13.58 crores [Refer Note 35]
- In respect of freehold land refer Note 44.

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 4: Other intangible assets</b>	
<b>Carrying amounts of:</b>	
Software	3.71
	<b>3.71</b>
Intangible assets under development	80.86
	<b>80.86</b>
<b>Particulars</b>	<b>Software</b>
<b>(A) Cost or deemed cost</b>	
<b>Balance at March 31, 2018 [Refer Note 43]</b>	<b>9.72</b>
Additions	0.50
Disposals/adjustments	(0.18)
<b>Balance at March 31, 2019</b>	<b>10.04</b>
<b>(B) Accumulated amortisation and impairment</b>	
<b>Balance at March 31, 2018 [Refer Note 43]</b>	<b>4.66</b>
Amortisation expense	1.68
Eliminated on disposals/adjustments	(0.01)
<b>Balance at March 31, 2019</b>	<b>6.33</b>
<b>(C) Carrying amount</b>	
<b>Balance at March 31, 2019</b>	<b>3.71</b>

Notes to the consolidated financial statements  
 All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 5: Investments</b>	
<b>Non-current</b>	
<b>(I) Investments in equity instruments</b>	
<b>Quoted investments (fully paid) [at FVTOCI]</b>	
(i) Standard Batteries Limited 125 equity shares of ₹ 1 each *	0.00
(ii) Nicco Corporation Limited 25 equity shares of ₹ 2 each *	0.00
(iii) Exide Industries Limited 10,000 equity shares of ₹ 1 each	0.22
(iv) HBL Power Systems Limited 5,500 equity shares of ₹ 1 each	0.01
<b>Total aggregate quoted investments [A]</b>	<b>0.23</b>
<b>Unquoted investments (fully paid)</b>	
<b>Investments in others (at FVTOCI)</b>	
(i) Indian Lead Limited 1,128 equity shares of ₹ 10 each *	-
(ii) Atria Wind Private Limited 10,000 equity shares of ₹ 100 each	0.10
(iii) Andhra Pradesh Gas Power Corporation Limited 1,206,000 equity shares of ₹ 10 each	19.54
<b>Total aggregate unquoted investments [B]</b>	<b>19.64</b>
<b>Total investments in equity instruments at FVTOCI [C = A+B]</b>	<b>19.87</b>
<b>(II) Investments carried at amortised cost</b>	
6 years National Savings Certificates (Refer Note below) [D]	0.01
<b>Total Non-current investments E=[C+D]</b>	<b>19.88</b>
Note: The 6 years National Savings Certificates have been lodged as security with government departments	
Aggregate book value of quoted investments - at cost	0.01
Aggregate market value of quoted investments	0.23
Aggregate carrying value of unquoted investments	19.64
<b>Current</b>	
<b>Investments mandatorily measured at fair value through profit or loss (FVTPL)</b>	
<b>Quoted investments in mutual funds</b>	
Kotak Liquid - Direct Plan Growth 804.878 units of ₹ 3,784.33 each	0.30
<b>Total Quoted investments measured at FVTPL</b>	<b>0.30</b>
<b>Total Current investments</b>	<b>0.30</b>
Aggregate book value of quoted investments - at cost	0.28
Aggregate market value of quoted investments	0.30
* Amounts below ₹ 1Lakh	

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 6: Other financial assets</b>	
<b>Non-current</b>	
Security deposits*	6.95
<b>Total</b>	<b>6.95</b>
* Includes to related parties ₹ 2.36 crores	
<b>Current</b>	
(a) Advances to related parties:	
- Reimbursable expenses	4.21
(b) Security deposits	1.54
(c) Interest accruals:	
- Interest accrued on deposits	2.71
- Interest accrued on overdue trade receivables	0.14
<b>Total</b>	<b>8.60</b>
<b>Note 7: Inventories</b>	
(at lower of cost and net realisable value)	
(a) Raw materials and bought-out components	276.07
(b) Work-in-progress	287.14
(c) Finished goods	386.55
(d) Stock-in-trade (goods purchased for resale)	33.07
(e) Stores and spares (including secondary packing material)	78.03
(f) Loose tools	0.56
<b>Total</b>	<b>1,061.42</b>
Raw materials includes material-in-transit	60.49
<b>Notes:</b>	
(i) The cost of inventories recognised as an expense during the year has been disclosed on the face of the Statement of Profit and Loss, Notes 23 and 27.	
(ii) The cost of inventories recognised as an expense includes ₹ 0.74 crores in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ Nil in respect of reversal of such write-downs.	
(iii) There are no inventories expected to be liquidated after more than twelve months.	
(iv) The mode of valuation of inventories has been stated in Note 2.E.	
<b>Note 8: Trade receivables</b>	
(a) Secured, considered good	-
(b) Unsecured, considered good	768.58
(c) Doubtful	4.44
	<b>773.02</b>
Allowance for doubtful receivables	(4.44)
<b>Total</b>	<b>768.58</b>
<b>Notes:</b>	
(i) The average credit period for after market sales is one week and for sales to other customers is in the range of 30 - 60 days. No interest is charged on overdue receivables, except for overdue balances of related parties.	
(ii) Of the trade receivable balance, ₹ 84.00 crores is due from one of the Company's large customers. There are no other customers who represent more than 10% of the total balance of trade receivable.	
(iii) The Group has used a practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the receivables which are due and the rates used in the provision matrix.	
<b>(iv) Movement in the expected credit loss allowance</b>	<b>Year ended March 31, 2019</b>
<b>Balance at the beginning of the year [Refer Note 43]</b>	4.52
Movement in expected credit loss allowance on trade receivables (net)	(0.08)
<b>Balance at the end of the year</b>	<b>4.44</b>

**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 9: Cash and cash equivalents</b>	
(a) Balances with banks	
- in current accounts	30.62
- in EEFC accounts	15.71
(b) Cash on hand	0.11
(c) Cheques on hand	3.79
<b>Cash and cash equivalents as per the cash flow statement</b>	<b>50.23</b>
<b>Note 10: Other bank balances</b>	
(a) In deposit accounts	12.13
(i) original maturity more than 3 months but less than 12 months	
(b) In earmarked accounts	
(i) Dividend accounts	3.27
(ii) Balances held as margin money against guarantees given [Refer Note below]	6.20
<b>Total</b>	<b>21.60</b>
<b>Note:</b>	
Includes deposit aggregating ₹ Nil with remaining maturity of more than 12 months from the Balance Sheet date.	
<b>Note 11: Other assets</b>	
<b>Non-current</b>	
(a) Capital advances	61.56
(b) Capital advances to related parties	10.62
(c) Prepaid expenses	1.52
(d) Balances with government authorities	8.80
(e) Other deposits (Electricity deposits, for other utilities, etc.)	33.28
<b>Total</b>	<b>115.78</b>
<b>Current</b>	
(a) Contractually reimbursable expenses	6.11
(b) Commercial advances	50.97
(c) Advances to employees	0.44
(d) Balances with government authorities (Advances, GST credit, CENVAT credit, VAT credit and Service tax credit receivable)	196.18
(e) Prepaid expenses	8.16
(f) Other receivables (export incentives, etc.)	31.52
<b>Total</b>	<b>293.38</b>

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 12: Share capital

	As at March 31, 2019	
	Number of shares	Amount
<b>(a) Authorised</b>		
Equity shares of ₹ 1 each	200,000,000	20.00
<b>(b) Issued</b>		
Equity shares of ₹ 1 each	175,028,500	17.50
<b>(c) Subscribed and fully paid-up</b>		
Equity shares of ₹1 each	170,812,500	17.08
	<b>170,812,500</b>	<b>17.08</b>

#### Notes:

##### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Equity shares	Number of shares	Share capital (Amount)
<b>Balance at March 31, 2018</b>	<b>170,812,500</b>	<b>17.08</b>
Changes during year	-	-
<b>Balance at March 31, 2019</b>	<b>170,812,500</b>	<b>17.08</b>

##### (ii) Rights, preferences and restrictions attached to the equity shares:

The Parent Company has only one class of shares referred to as equity shares having a face value of ₹ 1 each. Each holder of equity share is eligible for one vote per share held. The Parent Company declares and pays dividends in Indian rupees and foreign currency. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in the case of interim dividend. In the event of liquidation, the holders of equity shares will be entitled to receive the remaining assets of the Parent Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

##### (iii) Details of equity shares held by each shareholder holding more than 5% of the equity shares:

	As at March 31, 2019	
	Number of shares	%
RNGalla Family Private Limited	41,400,702	24.24
Johnson Controls (Mauritius) Private Limited	44,411,250	26.00

##### (iv) Also refer Note 42.

**As at March 31, 2019**

### Note 13: Other equity

#### (a) General reserve

This reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income. The same can be utilised by the Group in accordance with the provisions of the Companies Act, 2013. 451.83

#### (b) Capital reserve\*

Any profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments is transferred to capital reserve. 0.00

#### (c) Securities premium

This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013 31.19

#### (d) Equity instruments through other comprehensive income

Change in fair value of equity instruments through other comprehensive income. 10.54

#### (e) Retained earnings

Retained earnings represents the cumulative undistributed profits of the Group and can be utilised in accordance with the provisions of the Companies Act, 2013. 2,824.42

#### (f) Foreign Currency Translation Reserve

This reserve contains balance of foreign exchange differences from translation of financial statements of the Group's foreign subsidiary arising at time of consolidation of such subsidiary. Exchange differences accounted in this reserve are reclassified to profit or loss on the disposal of the foreign subsidiary. (0.02)

**Total** **3,317.96**

\*Amount below ₹ 1 Lakh



**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 14: Non-current borrowings</b>	
<b>Unsecured - at amortised cost</b>	
Deferred Payment Liabilities	
Sales tax deferment loans [Refer Note below]	58.43
Less: Current maturities of sales tax deferment loans disclosed under Note 18 - Other financial liabilities - Current	11.63
<b>Total</b>	<b>46.80</b>
<b>Note:</b>	
The interest free sales tax deferment loans were availed by the Group under the Government of Andhra Pradesh TARGET 2000 New Industrial Policy as per which the loans are repayable at the end of the 14th year from the year in which these loans were availed. The Group has also entered into agreements with the Deputy Commissioner of Commercial Taxes, Chittoor in respect of the aforementioned loans as per which the repayment schedule of the loans have been determined as being repayable at the end of the 14th year from the month in which these loans were availed. The Management is however of the view that these loans are repayable at the end of the 14th year from the year in which these loans were availed in terms of the sanction of these loans by the Government of Andhra Pradesh, Commissionerate of Industries and are accordingly making yearly repayment of these loans.	
<b>Note 15 : Provisions</b>	
<b>Non-current</b>	
<b>Employee benefits</b>	
- Leave encashment	12.75
<b>Other provisions</b>	
- Product warranty [Refer Note below and Note 37]	56.71
<b>Total Non-current provisions</b>	<b>69.46</b>
<b>Current</b>	
<b>Employee Benefits</b>	
- Leave encashment	2.70
- Gratuity [Refer Note 31]	0.65
<b>Other provisions</b>	
- Product warranty [Refer Note below and Note 37]	58.54
<b>Total Current provisions</b>	<b>61.89</b>
<b>Note:</b>	
The provision for warranty claims represents the present value of the Management's best estimate of the future outflow of economic benefits that will be required under the Group's obligation for warranties. The estimation has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.	

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

		As at March 31, 2019		
<b>16. Deferred tax liabilities (net)</b>				
The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet				
Deferred tax assets				13.95
Deferred tax liabilities				(109.86)
<b>Total</b>				<b>(95.91)</b>
<b>2018-19</b>	<b>Opening balance (Refer Note 43)</b>	<b>Recognised in Profit and loss</b>	<b>Recognised in other comprehensive income</b>	<b>Closing balance</b>
<b>Deferred tax (liabilities)/assets in relation to:</b>				
Property, plant and equipment	(101.62)	(8.24)	-	(109.86)
Financial assets measured at FVTOCI	5.32	-	-	5.32
Provision for doubtful debts	1.58	(0.03)	-	1.55
Provision for employee benefits	5.31	0.31	-	5.62
Others	1.60	(0.14)	-	1.46
	<b>(87.81)</b>	<b>(8.10)</b>	<b>-</b>	<b>(95.91)</b>

**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	As at March 31, 2019
<b>Note 17: Trade payables</b>	
-Total outstanding dues of Micro enterprises and small enterprises	59.60
-Total outstanding dues of creditors other than Micro enterprises and small enterprises	450.85
<b>Total</b>	<b>510.45</b>
<b>Note 18: Other financial liabilities</b>	
<b>Current</b>	
- Current maturities of Non-current borrowings [Refer Note 14]	11.63
- Unpaid dividends	3.27
<b>Other payables:</b>	
- Payables on purchase of property, plant and equipment	63.69
- Others (employee related, others) [Refer Note below]	91.96
<b>Total</b>	<b>170.55</b>
<b>Note:</b>	
Other liabilities includes employees related payables (including payable to Vice-Chairman and Managing Director), commission payable to Non-Executive Chairman and Other Directors, outstanding liabilities for incentives and trade schemes, etc.	
<b>Note 19: Income tax assets (net)</b>	
<b>Non-Current</b>	
Advance tax / TDS receivable (net of provisions)	21.48
<b>Total</b>	<b>21.48</b>
<b>Note 20: Other liabilities</b>	
<b>Non-current</b>	
Revenue received in advance	
- Deferred revenue arising from government grant [Refer Note below]	45.98
<b>Total Non-current</b>	<b>45.98</b>
<b>Current</b>	
(a) Revenue received in advance	
- Deferred revenue arising from government grant [Refer Note below]	8.98
(b) Statutory remittances ( GST, PF, TDS, etc.)	57.36
(c) Advances from customers	7.06
(d) Others (includes accruals relating to trade promotion schemes)	86.22
<b>Total Current</b>	<b>159.62</b>
<b>Note:</b>	
The deferred revenue of ₹ 54.96 crores arises primarily as a result of duty benefit received on import of plant and equipment under Export Promotion Capital Goods (EPCG) schemes of the Government of India. The deferred revenue will be recognised in the Statement of Profit and Loss in the proportion of depreciation charged on such assets.	

Notes to the consolidated financial statements  
 All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019
<b>Note 21: Revenue from operations</b>	
a. Sale of products (Refer Note (i) and (v) below)	6,709.06
b. Sale of services (Refer Note (ii) below)	60.44
c. Other operating revenues (Refer Note (iii) below)	23.61
<b>Total</b>	<b>6,793.11</b>
Notes:	
<b>(i) Sale of products comprises:</b>	
Manufactured goods	
- Storage batteries	6,538.75
<b>Sub-total - Sale of manufactured goods</b>	<b>6,538.75</b>
Traded goods	
- Storage batteries	94.65
- Home UPS	75.66
<b>Sub-total - Sale of manufactured goods</b>	<b>170.31</b>
<b>Total - Sale of products</b>	<b>6,709.06</b>
<b>(ii) Sale of services comprise:</b>	
- Installation and Commissioning	19.51
- Annual Maintenance	12.64
- Others (subject and other matters experts, service charges, etc.)	28.29
<b>Total - Sale of services</b>	<b>60.44</b>
<b>(iii) Other operating revenues comprise:</b>	
- Sale of process scrap	1.21
- Export benefits (including MEIS & EPCG benefits) [Refer Note (iv) below]	22.40
<b>Total - Other operating revenues</b>	<b>23.61</b>
<b>(iv)</b> Includes ₹ 8.41 crores recognised as income in proportion to the depreciation charged to the Statement of Profit and Loss. [Refer Note 20]	
<b>(v)</b> The Government of India introduced the Goods and Services Tax (GST) with effect from July 1, 2017. Accordingly, in compliance with the Indian Accounting Standards and Schedule III of the Companies Act 2013, revenue from operations for the periods beginning July 1, 2017 is presented net of GST. Revenue from operations for the period up to June 30, 2017 included excise duty which now is subsumed in GST.	

Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019
<b>Note 22: Other income</b>	
<b>a) Interest income</b>	
Interest income earned on financial assets that are not designated as at FVTPL	
- Bank deposits (at amortised cost)	2.77
- Other financial assets carried at amortised cost	1.97
- Unwinding of discounts on rental deposits	0.27
	<b>5.01</b>
<b>b) Dividend income</b>	
Dividend from equity investments designated as at FVTOCI*	0.00*
	0.00
*Amount below ₹ 1 Lakh	
<b>c) Other non-operating income</b>	
(i) Interest income on other deposits	1.79
(ii) Sale of non process scrap	5.96
(iii) Liabilities no longer required written back	3.83
(iv) Provision for doubtful trade receivables written back	1.79
(v) Others	5.00
	<b>18.37</b>
<b>d) Other gains and losses</b>	
(i) Gain on disposal of mutual fund units	5.35
(ii) Net foreign exchange gains	18.02
(iii) Net gain arising on financial assets mandatorily measured at FVTPL [Refer Note below]	0.02
	<b>23.39</b>
<b>Total (a+b+c+d)</b>	<b>46.77</b>
<b>Note:</b>	
The amount represents the increase in fair value on non-derivative current investments which are mandatorily measured at fair value [Refer Note 5]	

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019
<b>Note 23: Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>	
<b>Inventories at the beginning of the year (Refer Note 43)</b>	
Finished goods - storage batteries	327.69
Work-in-progress	211.51
Stock-in-trade	
- Storage batteries	19.00
- Home UPS	19.42
	38.42
<b>[A]</b>	<b>577.62</b>
<b>Inventories at the end of the year</b>	
Finished goods - storage batteries	386.55
Work-in-progress	287.14
Stock-in-trade	
- Storage batteries	16.58
- Home UPS	16.49
	33.07
<b>[B]</b>	<b>706.76</b>
<b>Increase in finished goods, work-in-progress and stock-in-trade [A-B]</b>	<b>(129.14)</b>
<b>Note 24: Employee benefits expense</b>	
(a) Salaries and wages	269.58
(b) Contribution to provident and other funds [Refer Note 31]	31.56
(c) Staff welfare expenses	44.25
<b>Total</b>	<b>345.39</b>
<b>Note 25: Finance costs</b>	
(a) Interest costs:	
(i) Interest on working capital facilities	0.11
(b) Other borrowing costs:	
(i) Unwinding of discounts on warranty provision	5.89
(ii) Others	0.95
<b>Total</b>	<b>6.95</b>
<b>Note 26: Depreciation and amortisation expense</b>	
Depreciation of property, plant and equipment [Refer Note 3]	259.82
Amortisation of intangible assets [Refer Note 4]	1.68
Less: Depreciation capitalised to property, plant and equipment/ capital work-in-progress	0.30
<b>Total</b>	<b>261.20</b>

**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

	For the year ended March 31, 2019
<b>Note 27: Other expenses</b>	
Consumption of stores and spares (including packing material)	86.80
Tools consumed	0.72
Power and fuel	206.48
Rent	18.44
Repairs and maintenance	
- Plant and machinery	5.46
- Buildings	3.36
- Others	2.35
Insurance	7.25
Rates and taxes	3.85
Communication	2.46
Travelling and conveyance	19.88
Outward freight and handling charges	190.12
Advertisement and sales promotion	27.60
Expenditure on Corporate Social Responsibility	14.70
Legal and professional	6.11
Payment to auditors [Refer Note below]	0.98
Bad trade receivables written off	1.29
Less : Provision released	0.96
	0.33
Provision for doubtful trade receivables	2.67
Loss on sale of property, plant and equipment (net) / written off	3.48
Warranty expenses (net)	114.85
Service expenses	46.33
Printing and stationery	1.93
Miscellaneous expenses	85.98
<b>Total</b>	<b>852.13</b>
<b>Note:</b>	
Payment to auditors comprise (net of GST)	
(a) To statutory auditors	
- Statutory audit fee	0.70
- Limited review fee	0.15
- Tax audit fee	0.05
- Reimbursement of expenses	0.04
(b) To cost auditor for cost audit	0.04
	<b>0.98</b>

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 28: Income tax recognised in profit or loss

	For the Year ended March 31, 2019
<b>Current Tax</b>	
In respect of the current year	238.20
In respect of the prior years	0.58
	<b>238.78</b>
<b>Deferred Tax</b>	
In respect of the current year	8.10
Adjustments to deferred tax attributable to changes in tax rates and laws	-
	<b>8.10</b>
<b>Total income tax expense recognised</b>	<b>246.88</b>
The income tax expense for the year can be reconciled to the accounting profit as follows:	
<b>Profit before tax</b>	<b>730.11</b>
Income tax expense calculated at 34.944%	255.13
Effect of income that is exempt from taxation	(0.01)
Tax effects of amounts which are not deductible in determining taxable profit	3.18
Effect of concessions (research and development and other allowances)	(12.00)
	<b>246.30</b>
Adjustment recognised in the current year in relation to tax of prior years (net)	0.58
<b>Income tax expense recognised in profit or loss</b>	<b>246.88</b>
The tax rate used for the year 2018-19 reconciliations above is the corporate tax rate of 34.944% payable by corporate entities in India on taxable profits under the Indian tax laws.	

### Note 29: Contingent liabilities and commitments

	As at March 31, 2019
<b>(i) Contingent Liabilities (to the extent not provided for) :</b>	
Claims against the Group not acknowledged as debt	
<b>Matters under dispute:</b>	
- Excise duty / Service tax	8.16
- Sales tax / VAT	20.00
- Income tax	0.22
- Electricity related	73.15
- Other (Building and other construction workers welfare cess, wealth tax, etc.)	8.79
It is not practicable for the Group to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.	
<b>(ii) Commitments:</b>	
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	526.97
(b) The Group has certain outstanding export obligations/ commitments which the Management is confident of meeting within the stipulated period of time / obtaining suitable extensions, wherever required.	



Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 30: Segment reporting**

The Vice Chairman and Managing Director of the Group has been identified as the Chief Operating Decision Maker (CODM) who evaluates the Group's performance and allocates resources for manufacture and marketing of lead acid storage batteries. Accordingly, manufacturing and trading of lead acid storage batteries is considered as the operating segment of the Group.

**Geographical information**

The Group operates in India and makes certain sales to customers situated outside India. The revenue from external customers by location of customers is detailed below. All the non-current assets of the Group are situated within India.

**Revenue**

	<b>For the year ended March 31, 2019</b>
India	6042.62
Outside India	750.49
<b>Total</b>	<b>6,793.11</b>

Refer to Note 38 on Financial Instruments and related disclosures for information on revenue from major customers

**Note 31: Employee benefits**

The Group has adopted Indian Accounting Standard - 19 (Ind AS 19) on 'Employee Benefits'. These consolidated financial statements include the obligations as per the requirement of this standard except for the subsidiary which is incorporated outside India which has determined the valuation provision for employee benefits as per the requirements of Sharjah, U.A.E. In the opinion of the Management the impact of this deviation is not considered material.

**a. Defined contribution plans**

The Company makes Provident Fund, Superannuation Fund and Employees' State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. The Company recognised ₹ 7.17 crores for provident fund contributions, ₹ 9.89 crores for Superannuation Fund contributions and ₹ 4.82 crores towards Employees' State Insurance Scheme contributions in the Consolidated Statement of Profit and Loss.

**b. Defined benefit plans**

The Company provides to the eligible employees defined benefit plans in the form of gratuity. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service. The measurement date used for determining retirement benefits for gratuity is March 31.

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

**Risk Management:**

**Investment risk** - The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Interest rate risk** - The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

**Longevity risk** - The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined benefit plan is calculated with reference to the future salaries of participants under the plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

**(i) Balance Sheet**

The assets, liabilities and surplus / (deficit) position of the defined benefit plans at the Balance Sheet date were:

	<b>As at March 31, 2019</b>
Present value of obligation	29.30
Fair value of plan assets	(28.65)
<b>(Asset)/Liability recognised in the Balance Sheet</b>	<b>0.65</b>

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 31: Employee benefits (Contd.)

#### (ii) Movements in Present Value of Obligation and Fair Value of Plan Assets

	Plan Assets	Plan Obligation	Total Net
<b>As at March 31, 2018 (Refer Note 43)</b>	<b>18.46</b>	<b>19.65</b>	<b>1.19</b>
Current service cost	-	1.94	1.94
Past service cost	-	7.15	7.15
Interest cost	-	1.53	1.53
Interest income	1.44	-	(1.44)
Actuarial (gain)/loss arising from changes in financial assumptions	-	0.28	0.28
Contributions	9.89	-	(9.89)
Benefit payments	(1.09)	(1.09)	-
Return on plan assets, excluding interest income	0.11	-	(0.11)
Transfer to Group Companies	(0.16)	(0.16)	-
<b>As at March 31, 2019</b>	<b>28.65</b>	<b>29.30</b>	<b>0.65</b>

#### (iii) Statement of Profit and Loss

The charge to the Statement of Profit and Loss comprises:

	Year ended March 31, 2019
<b>Employee Benefit Expenses</b>	
Current service cost	1.94
Interest cost	1.53
Past service cost	7.15
Interest income	(1.44)
<b>Net impact on profit before tax</b>	<b>9.18</b>
<b>Remeasurement of the net defined benefit plans</b>	
Actuarial (gain)/loss arising from changes in financial assumptions	0.28
Return on plan assets, excluding interest income	(0.11)
<b>Net impact on other comprehensive income before tax</b>	<b>0.17</b>

#### (iv) Assets

The major categories of plan assets as a % of the total plan assets

	As at March 31, 2019
Funded with Life Insurance Corporation of India	100%

#### (v) Assumptions

With the objective of presenting the plan assets and plan obligations of the defined benefits plans at their fair value on the Balance Sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2019
Discount rate	7.64%
Salary escalation rate	7.00%

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

#### Demographic assumptions

Mortality in Service: Indian Assured Lives Mortality (2006-08) Ultimate table.

**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 31: Employee benefits (Contd.)**

**(vi) Sensitivity analysis**

The sensitivity of the overall plan obligations to changes in the weighted key assumptions are:

	<b>As at March 31, 2019</b>	
	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	(1.65)	1.86
Salary escalation rate (1% movement)	1.77	(1.61)

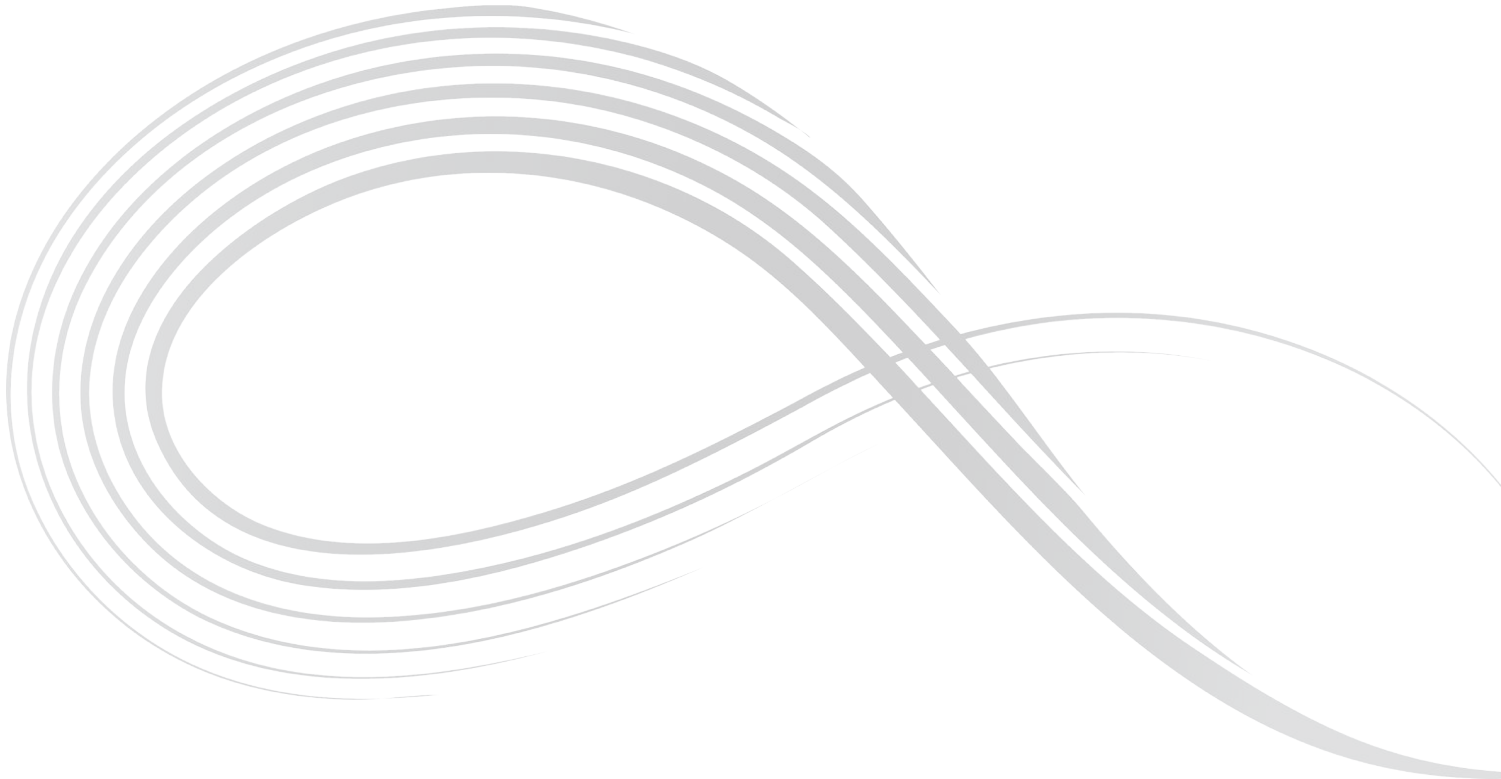
The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

**(vii) Maturity analysis**

Maturity profile of defined benefit obligation:

	<b>As at March 31, 2019</b>
Within 1 year	3.22
1-2 year	3.16
2-3 year	3.28
3-4 year	3.27
4-5 year	2.99
5-10 year	13.50
> 10 Year	23.39

The Company expects to contribute ₹ 3.28 crores to its defined benefit plans during the next fiscal year.



Notes to the consolidated financial statements  
 All amounts are in ₹ crores, except share data and where otherwise stated

**Note 32: Related party transactions**

**(a) Details of related parties**

**Entity exercising significant influence**

Johnson Controls (Mauritius) Private Limited, Mauritius  
 RNgalla Family Private Limited [w.e.f July 11, 2017]  
 RNgalla Family & Co.,(Partnership Firm) [upto July 10, 2017]

**Key Management Personnel (KMP)**

Jayadev Galla Vice-Chairman and Managing Director

**Relative of Key Management Personnel**

Dr. Ramachandra N Galla Chairman and Non-Executive Director

**Entities in which KMP / Relatives of KMP exercise significant influence**

Asistmi Solutions Private Limited  
 Amara Raja Electronics Limited  
 G2 Healthcare Private Limited  
 Nine Nines Lifestyle Private Limited  
 Rajanna Trust

**Subsidiaries of the entity exercising significant influence**

Amaron Batteries Private Limited  
 Mangal Industries Limited  
 Amara Raja Infra Private Limited  
 Amara Raja Industrial Services Private Limited  
 Amara Raja Power Systems Limited  
 Amara Raja Media and Entertainment Private Limited  
 RNgalla Family Holdings Private Limited

**(b) Transactions with the above related parties during the year were:**

	For the year ended March 31, 2019
<b>Sale of goods (Net of sale returns)</b>	
Amara Raja Power Systems Limited	27.99
Mangal Industries Limited	0.54
Amara Raja Industrial Services Private Limited	0.05
<b>Purchase of goods</b>	
Amara Raja Power Systems Limited	0.53
Amara Raja Electronics Limited	87.17
Mangal Industries Limited	825.65
<b>Availing of services</b>	
Amara Raja Infra Private Limited	3.21
Amara Raja Industrial Services Private Limited	62.06

Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 32: Related party transactions (Contd.)**

	<b>For the year ended March 31, 2019</b>
<b>Purchase of Fixed Assets</b>	
Amara Raja Power Systems Limited	15.63
Amara Raja Electronics Limited	0.18
Mangal Industries Limited	33.07
Amara Raja Infra Private Limited	134.10
Amara Raja Industrial Services Private Limited	0.04
<b>Rent Expense</b>	
Jayadev Galla	3.32
Dr. Ramachandra N. Galla	0.58
<b>Donation Expense</b>	
Rajanna Trust	14.70
<b>Expenses reimbursed to</b>	
Amara Raja Power Systems Limited	0.04
Mangal Industries Limited	0.03
Amara Raja Infra Private Limited	0.66
Amara Raja Industrial Services Private Limited	1.27
<b>Dividends Paid (including interim dividend)</b>	
RNGalla Family Private Limited	17.19
Johnson Controls (Mauritius) Private Limited	18.44
Mangal Industries Limited	1.29
<b>Expenses recovered from</b>	
Amara Raja Power Systems Limited	9.17
Amara Raja Electronics Limited	1.79
Mangal Industries Limited	12.22
Amara Raja Infra Private Limited	3.90
Amara Raja Industrial Services Private Limited	2.50
<b>Interest Income</b>	
Amara Raja Power Systems Limited	0.92
Amara Raja Electronics Limited	0.01
Mangal Industries Limited	0.60
Amara Raja Industrial Services Private Limited	0.00
Amara Raja Infra Private Limited	0.00
<b>Other recoveries</b>	
Mangal Industries Limited	37.10
<b>Remuneration</b>	
Jayadev Galla	39.69
<b>Commission</b>	
Dr. Ramachandra N. Galla	23.82*

\* Subject to approval vide a special resolution by the members at the ensuing Annual General Meeting of the Company.

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 32: Related party transactions (Contd.)

(c) Balances receivable from / payable to related parties are as follows:

Particulars	As at March 31, 2019
<b>Trade Receivables</b>	
Amara Raja Power Systems Limited	15.50
Mangal Industries Limited	8.72
<b>Security Deposits</b>	
Jayadev Galla	2.04
Dr. Ramachandra N. Galla	0.32
<b>Interest Receivable</b>	
Amara Raja Power Systems Limited	0.13
Amara Raja Electronics Limited	0.00
Mangal Industries Limited	0.01
Amara Raja Infra Private Limited	0.00
<b>Advances (including contractually reimbursable expenses)</b>	
Amara Raja Electronics Limited	0.16
Amara Raja Power Systems Limited	2.75
Mangal Industries Limited	4.33
Amara Raja Infra Private Limited	7.88
Amara Raja Industrial Services Private Limited	0.10
<b>Trade payables</b>	
Amara Raja Power Systems Limited	0.07
Amara Raja Electronics Limited	4.85
Amara Raja Infra Private Limited	0.38
Amara Raja Industrial Services Private Limited	4.78
<b>Payables on purchase of fixed assets</b>	
Amara Raja Power Systems Limited	3.67
Mangal Industries Limited	3.52
Amara Raja Infra Private Limited	16.22
Amara Raja Industrial Services Private Limited	0.19
<b>Other Payables (Employee Related)</b>	
Jayadev Galla	37.42
<b>Commission payable to Non Executive Directors</b>	
Dr. Ramachandra N Galla	23.82
<b>Rent Payable</b>	
Jayadev Galla	0.29
Dr. Ramachandra N Galla	0.03
<b>Capital commitments</b>	
Amara Raja Power Systems Limited	14.14
Amara Raja Electronics Limited	0.20
Mangal Industries Limited	27.57
Amara Raja Infra Private Limited	183.73

**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 33: Earnings per share (EPS)**

	<b>For the year ended March 31, 2019</b>
Profit for the year (in ₹ crores) [A]	483.23
Weighted average number of equity shares outstanding during the year (No's) [B]	17,08,12,500
<b>Earnings per share (Face Value of ₹ 1 per share)</b>	
- Basic and diluted (in ₹) [A/B]	<b>28.29</b>

**Note 34: Leases**

The Group's significant leasing arrangements are in respect of operating leases for premises (offices and warehouses). These leasing arrangements which are cancellable, range between 1 year and 9 years generally and are usually renewable by consent on mutually agreeable terms. The aggregate lease rentals of ₹ 18.44 crores paid under such arrangements has been charged to Consolidated Statement of Profit and Loss as 'Rent' under Note 27.

**Note 35: Revenue expenditure capitalized to fixed assets/ capital work-in-progress**

	<b>For the year ended March 31, 2019</b>
(a) Employee benefits expense	6.10
(b) Cost of material consumed (net) (Refer Note below)	6.17
(c) Power and Fuel	0.38
(d) Depreciation and amortization expense	0.30
(e) Others	0.63
<b>Total</b>	<b>13.58</b>

**Note:** Net of income from sale of batteries, scrap, etc., ₹ 5.44 crores

**Note 36: Details of expenditure incurred on research and development**

	<b>For the year ended March 31, 2019</b>
<b>Revenue Expenditure:</b>	
(a) Cost of materials consumed	0.94
(b) Consumption of stores and spares (including secondary packing material)	0.18
(c) Employee benefits expense	6.95
(d) Power and fuel	0.86
(e) Others	1.07
<b>Total Revenue Expenditure [A]</b>	<b>10.00</b>
Capital expenditure [B]	3.66
<b>Total [A+B]</b>	<b>13.66</b>

The Company has obtained approval from Department of Scientific and Industrial Research for claiming of weighted tax benefit under Section 35(2AB) of the Income Tax Act, 1961.

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 37: Details of Provisions

(a) Provision for warranty is made for estimated warranty claims in respect of sale of certain storage batteries which are still under warranty at the end of the reporting period, the estimated cost of which is accrued at the time of sale. These claims are expected to be settled as and when warranty claims arise. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest that future claims could differ from historical amounts. The products are generally covered under a free warranty period ranging from 6 months to 42 months.

(b) The disclosure of provisions movement as required under the provisions of Ind AS 37 is as follows:-

	For the year ended March 31, 2019
<b>Balance as at April 1 [Refer Note 43]</b>	85.90
Additional provisions recognised	80.86
Amount utilised / reversed during the year	(57.40)
Unwinding of discount and effect of changes in the discount rate	5.89
<b>Balance as at March 31</b>	<b>115.25</b>
Out of the above,	
Classified under Non-current provisions (Refer Note 15)	56.71
Classified under Current provisions (Refer Note 15)	58.54



**Notes** to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 38: Financial instruments and Related Disclosures**

**A. Capital Management**

The Group's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Group funds its operations through internal accruals. The Group aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern. The capital structure of the Group is based on Management's judgment of its strategic day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Group may take appropriate steps in order to maintain, or if necessary, adjust its capital structure.

Equity share capital and other equity are considered for the purpose of Goup's Capital Management.

**B. Categories of Financial Instruments**

	Carrying value	Fair value
	As at March 31, 2019	As at March 31, 2019
<b>Financial assets</b>		
<b>Measured at Amortised cost</b>		
(i) Cash and cash equivalents	50.23	50.23
(ii) Other bank balances	21.60	21.60
(iii) Trade receivables	768.58	768.58
(iv) Other financial assets	15.55	15.55
(v) Investments	0.01	0.01
<b>Measured at FVTOCI</b>		
(i) Investments in equity instruments	19.87	19.87
<b>Measured at FVTPL</b>		
(a) Mandatorily measured:		
(i) Current investment- Mutual funds	0.30	0.30
<b>Total Financial assets</b>	<b>876.14</b>	<b>876.14</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
(i) Borrowings	58.43	58.43
(ii) Trade payables	510.45	510.45
(iii) Other financial liabilities	158.92	158.92
<b>Total Financial liabilities</b>	<b>727.80</b>	<b>727.80</b>

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 38: Financial instruments and Related Disclosures (Contd.)

#### C. Financial risk management objectives

The Group has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, foreign currency risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard. The key risks and mitigating actions are overseen by the Board of Directors of the Group.

#### Liquidity Risk

The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Group has unutilised credit limits with banks. The Group maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Group regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and mutual funds with appropriate maturities to optimise the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

The Group's Current assets aggregate to ₹ 2,204.11 crores including Current investments, Cash and cash equivalents and Other bank balances of ₹ 72.13 crores against an aggregate Current liability of ₹ 902.51 crores. The table below provides details regarding the contractual maturities of significant Non-current financial liabilities as of March 31, 2019:

	March 31, 2019			
	1-3 years	3-5 years	Above 5 years	Total
Borrowings	23.40	13.76	9.64	46.80

Further, while the Group's total equity stands at ₹ 3335.04 crores, it has borrowings of ₹ 58.43 crores. In such circumstances, liquidity risk or the risk that the Group may not be able to settle or meet its obligations as they become due does not exist.

#### Market Risk

The Group continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through Other Comprehensive Income. The value of investments in such equity instruments as at March 31, 2019 is ₹ 19.87 crores. Accordingly, fair value fluctuations arising from market volatility is recognised in Other Comprehensive Income.

As the Group is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing current investments are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation. The Group invests in Mutual Fund schemes of leading fund houses. Such investments are susceptible to market price risk that arise mainly from changes in interest rate which may impact the return and value of such investments. However, given the relatively short tenure of underlying portfolio of the Mutual Fund schemes in which the Group has invested, such price risk is not significant. Fixed deposits are held with highly rated banks and have a short tenure and are not subject to interest rate volatility.

#### Foreign Currency Risk

The Group is subject to the risk that changes in foreign currency values impact the Group's export revenues and import of raw materials and property, plant and equipment. The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to US Dollars. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risk.

The Group manages currency exposures within prescribed limits. The aim of the Group's approach to management of currency risk is to leave the Group with no material residual risk.

The carrying amount of non-derivative foreign currency denominated financial assets and liabilities are as follows:

Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 38: Financial instruments and Related Disclosures (Contd.)**

As at March 31, 2019	(₹ in crores)				
	USD	EURO	GBP	Other currencies*	Total
<b>Financial Assets</b>					
- Trade receivables	45.98	-	-	-	45.98
- Cash and cash equivalents	15.71	0.01	-	0.09	15.81
<b>Financial Liabilities</b>					
- Trade Payables	(91.20)	(3.78)	(1.53)	(0.18)	(96.69)
<b>Net financial asset / (liability)</b>	<b>(29.51)</b>	<b>(3.77)</b>	<b>(1.53)</b>	<b>(0.09)</b>	<b>( 34.90)</b>

\* Others includes currencies such as Japanese Yen, Dirhams, Russian ruble, South Korean Won, Israeli New Shekel, etc.

**Foreign currency sensitivity analysis**

For every percentage point increase in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, holding all other variables constant, the profit before tax for the year ended March 31, 2019 would change by ₹ (0.29) crores. For every percentage point decrease in the underlying exchange rate would have led to an equal but opposite effect.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligation.

Concentration of credit risk with respect to trade receivables are limited, due to Group's customer base being large and diverse. All trade receivables are reviewed and assessed for default on a monthly basis. The Group's historical experience of collecting receivables and the level of default indicate that credit risk is low and generally uniform across markets; consequently, trade receivables are considered to be a single class of financial assets. All overdue customer balances are evaluated taking into account the age of the dues, specific credit circumstances, the track record of the counterparty etc. Loss allowances and impairment is recognised, where considered appropriate by responsible management.

The credit risk on cash and bank balances and fixed deposits is limited because the counterparties are banks with high credit ratings.

The following table gives details in respect of revenues generated from top customer and top 5 customers:

	(₹ in crores)
	<b>For the year ended March 31, 2019</b>
Revenue from top customer from whom the Group receives 10% or more of its revenues	-
Revenue from top 5 customers	748.02

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

### Note 38: Financial instruments and Related Disclosures (Contd.)

#### D. Fair value measurement

##### Fair value hierarchy

The fair value of financial instruments as referred to in Note 38.B above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements]

The following levels have been used for classification:

- Level 1: Quoted prices (unadjusted) for identical instruments in active market.
- Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs
- Level 3: Inputs which are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3 and fair value determined using discounted cash flow basis. Similarly for certain unquoted equity instruments where most recent information to measure fair value is insufficient, or if there is a wide range of possible fair value measurements, cost has been considered as the best estimate of fair value.

There has been no change in the valuation methodology for Level 3 inputs during the year. The Group has classified certain unquoted equity instruments under Level 3 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 during the year.

Financial Instrument	Valuation Technique	Key inputs used	Sensitivity
Investments in unquoted equity instrument at FVTOCI [1.65% equity instrument in Andhra Pradesh Gas Power Corporation Limited engaged in generation and distribution of power and domiciled in India]	Discounted Cash Flow Method	Long term growth rates, taking into account management's experience and knowledge of market conditions of the specific industry, ranging from 1% to 3% . Weighted average cost of capital (WACC) as determined 17% to 18%.	If the Long-term revenue growth rates used were 1% higher/lower while all other variables were held constant, the carrying amount of the shares would increase / (decrease) by ₹ 0.63 crores and ₹ (0.56) crores respectively A 1% increase / (decrease) in WACC or discount rate used while holding all other variables constant would (decrease) / increase the carrying amount of the unquoted equity investments by ₹ (1.06) crores and ₹ 1.20 crores respectively

#### Note:

These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. Upon the application of Ind AS 109, the Group has chosen to designate these investments in equity instruments as at FVTOCI irrevocably as the Management believes that this provides a more meaningful presentation for long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis :

Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 38: Financial instruments and Related Disclosures (Contd.)**

	Fair value hierarchy (Level)	As at March 31, 2019
<b>Financial assets</b>		
<b>a) Measured at amortised cost</b>		
i) Other financial assets (non-current)	3	6.95
<b>Sub-total</b>		<b>6.95</b>
<b>b) Measured at fair value through OCI</b>		
i) Equity Shares - Quoted	1	0.23
ii) Equity Shares - Unquoted	3	19.64
<b>Sub-total</b>		<b>19.87</b>
<b>c) Measured at fair value through profit or loss</b>		
i) Investment in Mutual Funds	1	0.30
<b>Sub-total</b>		<b>0.30</b>
<b>Total Financial assets measured at fair value</b>		<b>27.12</b>
<b>Financial liabilities</b>		
<b>a) Measured at amortised cost</b>		
i) Borrowings (non-current)	3	46.80
<b>Total Financial liabilities measured at fair value</b>		<b>46.80</b>

**Note 39 Dividend**

Dividend on equity shares paid during the year	2018-19
Final dividend for FY 2017-18 [₹ 2.15 per equity share of ₹ 1 each]	36.72
Dividend distribution tax on final dividend	7.55
Interim dividend for FY 2018-19 [₹ 2 per equity share of ₹ 1 each]	34.16
Dividend distribution tax on interim dividend	7.03
	<b>85.46</b>

The Board of Directors at its meeting held on May 15, 2019 have recommended a final dividend of ₹ 5.08 per equity share of face value of ₹ 1 each for the financial year ended March 31, 2019. The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability. Interim dividend of ₹ 2 per equity share of face value of ₹ 1 each approved by the Board of Directors at its meeting held on November 09, 2018 was paid during the current year. The total dividend (including interim dividend) for FY 2018-19 amounts to ₹ 7.08 per equity share.

**Note 40:** The wholly-owned subsidiary (which along with Amara Raja Batteries Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements is :

Name	Country of Incorporation	Percentage of ownership as at March 31, 2019
Amara Raja Batteries Middle East (FZE)	Sharjah, UAE	100%

The financial statements of the wholly-owned subsidiary incorporated on July 31, 2018 considered in the Consolidated accounts, is drawn from July 31, 2018 to March 31, 2019 and hence no comparative figures are presented. These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of the wholly-owned subsidiary on the audited financial statements prepared for consolidation in accordance with the requirements of Indian Accounting Standard - 110 (Ind AS 110) on "Consolidated Financial Statements".

## Notes to the consolidated financial statements

All amounts are in ₹ crores, except share data and where otherwise stated

**Note 41:** Additional information as required by Paragraph 2 of the General Instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013:

Name of the entity	Net Assets		Share in Profit or (loss)		Share in other Comprehensive income		Share in total Comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit or (Loss)	Amount	As % of consolidated other Comprehensive Income	Amount	As % of consolidated Total Comprehensive Income	Amount
Amara Raja Batteries Middle East (FZE)	0.00%	0.01	(0.05%)	(0.26)	0.00%	-	(0.05%)	(0.26)

**Note 42:** Subsequent to the year end, consequent to the announcement by Johnson Controls International PLC on the proposed sale of its power solutions business, a decision to acquire 2% equity shares of the Company by Galla Family (promoters group) from Johnson Controls (Mauritius) Private Limited was agreed to between the said parties. Also the shareholding agreement with Johnson Controls (Mauritius) Private Limited and other agreements with Johnson Controls were terminated with effect from April 1, 2019.

**Note 43:** These are the first consolidated financial statements of the Company which has been prepared consequent to the incorporation of a wholly-owned subsidiary - Amara Raja Batteries Middle East (FZE) on July 31, 2018. Accordingly, there are no comparatives and wherever balances as on March 31, 2018 are reflected, they represent the standalone balances of the Parent Company.

**Note 44:** The Parent Company had purchased 8.68 hectares of freehold land for a consideration of ₹ 15.59 crores in 2011-12 at Tehsil Laksar, District Haridwar, Uttarakhand State. Under the terms of sanction by the State Government for sale of such land, a manufacturing unit was to be set up within two years from the date of purchase of land, which owing to unforeseen circumstances could not take place. The District Collector vide order dated November 10, 2014 initiated proceedings for vesting the aforementioned land with the State Government. Based on legal advice, the Company had in the past years gone in appeal against the order of the District Collector with the Court of Board of Revenue, Dehradun, Uttarakhand State, ("the Court") which in the interim, had stayed the proceedings. The Court vide its order dated May 25, 2017 rejected the appeal filed by the Parent Company, consequent to which the said freehold land has vested back with the State Government. The Parent Company is in the process of evaluating various options to pursue the said order of the Court.

The Parent Company had in the previous years, fully impaired the value of the aforesaid land. Consequent to the transition to Ind AS, and the Company's election to continue with the carrying amount of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as on the transition date, the provision for impairment recorded in respect of the said land before the date of transition under previous GAAP cannot be reversed in later years.

**Note 45:** The consolidated financial statements are approved for issue by the Audit Committee and the Board of Directors at their meetings held on May 15, 2019.

### For and on behalf of the Board of Directors

**Dr. Ramachandra N Galla**  
Chairman

**Jayadev Galla**  
Vice Chairman and Managing Director

**S.Vijayanand**  
Chief Executive Officer

**Delli Babu Y**  
Chief Financial Officer

**M.R. Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

## NOTICE OF THE ANNUAL GENERAL MEETING

To the members of  
**Amara Raja Batteries Limited**

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of the members of Amara Raja Batteries Limited will be held on Saturday, July 20, 2019 at 12:00 Noon at the Auditorium situated at the registered office of the Company at Renigunta-Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh-517520 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2019 together with the reports of the Board of Directors' and Auditors' thereon 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 the audited standalone financial statements of the Company for the financial year ended March 31, 2019, the report of the auditor's thereon and the report of the Board of Directors for the financial year ended March 31, 2019, as placed before the 34<sup>th</sup> Annual General Meeting be and are hereby received, considered and adopted."

2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 together with the Auditors' report thereon 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 the audited consolidated financial statements of the Company for the financial year ended March 31, 2019 and the report of the auditor's thereon as placed before the 34<sup>th</sup> Annual General Meeting be and are hereby received, considered and adopted."

3. To confirm the payment of interim dividend and to declare final dividend on the equity shares of the Company for the financial year ended March 31, 2019 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 the interim dividend of ₹2 per share (200%) on the equity shares of ₹1 each paid to the shareholders for the financial year ended March 31, 2019, as approved by the Board of Directors at their meeting held on November 9, 2018 be and is hereby noted and approved.

**RESOLVED FURTHER** that the final dividend of ₹5.08 per share (508%) as recommended by the Board of Directors be and is hereby declared on the equity shares of ₹1 each of the Company for the year ended March 31, 2019 and the same be paid to those shareholders, in case of shares held in physical form, whose names appear in the register of members as of the close of business hours on July 13, 2019 and in case of shares held in dematerialised form to the beneficiaries as of the close of business hours on July 13, 2019 as per details furnished by the depositories for this purpose."

4. To appoint a director in place of Dr. Ramachandra N Galla (DIN: 00133761) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution, as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Section 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended from time to time ("Act") and pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Dr. Ramachandra N Galla (DIN: 00133761) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

### Special Business

5. To ratify the remuneration of the Cost Auditors for the financial year 2019-20 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 pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time ("Act"), M/s. Sagar & Associates, Cost Accountants, Hyderabad, Firm Registration No. 000118, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2019-20 at a remuneration of ₹400,000 (Rupees Four Lakhs only) plus reimbursement of out of pocket expenses and applicable taxes be and is hereby ratified.

**RESOLVED FURTHER** that any of the Directors or Key Managerial Personnel of the Company be and they are hereby severally authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

6. To approve the payment of commission to Dr. Ramachandra N Galla, Chairman (DIN: 00133761) for the financial year(s) 2018-19 and 2019-20 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("Act") and pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as recommended by the Nomination and Remuneration Committee, approval of the members of the Company be and is hereby accorded for the payment of Commission to Dr. Ramachandra N Galla, Non-Executive Chairman for each of the financial year(s) 2018-19 and 2019-20 at the rate of three percent (3%) of the net profits of the Company calculated for that financial year in accordance with the provisions of Section 198 of the Act.

**RESOLVED FURTHER** that the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem necessary, expedient, usual or proper to give effect to this resolution."

7. To approve the payment of commission to Non-Executive Independent Directors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("Act") and pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in addition to the sitting fees being paid/payable for attending the meetings of the Board of Directors and Committee(s) thereof, approval of the members of the Company be and is hereby accorded for the payment of Commission to all the Non-Executive Independent Directors of the Company for each of the financial years from 2018-19 to 2023-24, in such sum or proportion, in such manner and in all respects as determined by the Board, provided the aggregate of such commission shall not exceed one percent (1%) of the net profits of the

Company calculated for that financial year in accordance with the provisions of Section 198 of the Act.

**RESOLVED FURTHER** that the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem necessary, expedient, usual or proper to give effect to this resolution."

8. To approve the remuneration of Mr. Jayadev Galla, Vice Chairman and Managing Director (DIN : 00143610) for the period from April 1, 2019 to August 31, 2020 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Section 197 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 and read with Schedule V, Part II to the Act, as amended from time to time and pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as recommended by the Nomination and Remuneration Committee, approval of the members of the Company be and is hereby accorded for the payment of remuneration to Mr. Jayadev Galla, Vice Chairman and Managing Director for the remaining tenure of his appointment i.e from April 1, 2019 to August 31, 2020 as set out in the explanatory statement annexed to the notice convening this annual general meeting.

**RESOLVED FURTHER** that the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) be and is hereby authorised to alter and vary the terms and conditions of remuneration including authority to determine/vary from time to time, the amount of salary, perquisites, other benefits and allowances and commission payable to Mr. Jayadev Galla, Vice Chairman and Managing Director in such manner as may be agreed to between the Board and Mr. Jayadev Galla, subject to the total remuneration not exceeding five percent (5%) of the net profits of the Company per annum and to do all such acts, deeds, matters and things as it may, in its sole and absolute discretion deem necessary, expedient, usual or proper to give effect to this resolution."

9. To appoint Mr. N Sri Vishnu Raju (DIN: 00025063) as an Independent Director of the Company for a second term and in this regard to consider and if thought fit, to pass,



with or without modification(s), the following resolution as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Sections 149, 152, 160 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time to time and pursuant to Regulation 17 and other applicable regulations, if any of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), Mr. N Sri Vishnu Raju (DIN: 00025063), who is eligible for re-appointment as an independent director and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Regulations, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years from August 6, 2019 to August 5, 2024."

10. To appoint Mr. T R Narayanaswamy (DIN: 01143563) as an Independent Director of the Company for a second term and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **special resolution**:

**"RESOLVED** that pursuant to the provisions of Sections 149, 152, 160 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with

Schedule IV to the Act, as amended from time to time and pursuant to Regulation 17 and other applicable regulations, if any of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations"), Mr. T R Narayanaswamy (DIN: 01143563), who is eligible for re-appointment as an independent director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Regulations be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years from August 6, 2019 to August 5, 2024."

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

**M R Rajaram**  
Company Secretary

Place: Hyderabad  
Date: May 15, 2019

Corporate Identification Number (CIN):  
L31402AP1985PLC005305

**Registered Office:**

Renigunta-Cuddapah Road  
Karakambadi, Tirupati, Andhra Pradesh – 517 520  
Tel: 91 (877) 226 5000  
Fax: 91 (877) 228 5600  
E-mail: [investorservices@amararaja.com](mailto:investorservices@amararaja.com)  
Website: [www.amararajabatteries.com](http://www.amararajabatteries.com)

## Notes:

1. **A Member entitled to attend and vote at the Annual General Meeting (the “meeting” or “AGM”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy so appointed need not be a member of the Company.**  
**A person can act as proxy on behalf of members upto and not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.**  
**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 i.e by 12:00 noon on July 18, 2019.**
2. Corporate member(s) intending to send their authorised representative(s) to attend the meeting are requested to send to the Company a duly certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 (“Act”) authorising their representatives to attend and vote on their behalf at the meeting.
3. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which sets out details relating to the ordinary/special business to be transacted at the meeting, is annexed hereto.
4. Brief profile of Dr. Ramachandra N Galla, Mr. N Sri Vishnu Raju and Mr. T R Narayanaswamy, Directors proposed to be appointed/re-appointed along with the names of the Companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and other details as required under Secretarial Standard 2 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are furnished and forms part of the notice.
5. The registers i.e Register of Directors and Key Managerial Personnel and Register of Contracts or Arrangements maintained under Section 170 and Section 189 of the Act respectively will be available for inspection to the members at the meeting.
6. The register of members and share transfer books of the Company will remain closed from **Monday, July 15, 2019 to Saturday, July 20, 2019** (both days inclusive), for the purpose of determining the entitlement of member to the final dividend for the financial year 2018-19, if declared at the meeting.
7. The final dividend, if declared, shall be paid on or before August 19, 2019 to those members whose name appear in the register of members as of the close of business hours on July 13, 2019 and in case of shares held in dematerialised form to the beneficiaries as of the close of business hours on July 13, 2019 as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8. The copies of the Annual Report 2018-19 including the notice of the 34<sup>th</sup> Annual General Meeting of the Company, *inter-alia*, indicating the process and manner of e-voting, attendance slip and proxy form are being sent by electronic mode to all the members whose e-mail address are registered with the Company/Depositories for communication purposes. For members who have not registered their e-mail address, the aforesaid documents are being sent in the permitted mode.
9. Members may also note that the notice of the 34<sup>th</sup> Annual General Meeting, proxy form and the Annual Report 2018-19 shall be placed on the Company's website [www.amararajabatteries.com](http://www.amararajabatteries.com). The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.
10. The route map to the venue of the meeting is furnished herewith and forms part of the Notice.
11. **Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, Cameo Corporate Services Limited (“Cameo”) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.**
12. **Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.**
13. **Members holding shares in physical form are requested**
  - **to advise any change in their address immediately to Cameo Corporate Services Limited, Chennai.**
  - **to update their Bank details already registered with the Company/Cameo Corporate Services Limited or register their bank details by submitting the duly completed National Automated Clearing House (NACH) mandate form attached to this annual report and forward the same to the Cameo Corporate Services Limited to enable the Company to remit the dividend through NACH.**



24. The Results shall be declared by the Chairman or by an authorised person of the Chairman and the resolutions will be deemed to have been passed on the date of AGM, subject to receipt of requisite number of votes in favour of the resolutions.
25. After declaration of the results, the same shall be placed along with the Scrutinizer's Report(s) on the website of the Company [www.amararajabatteries.com](http://www.amararajabatteries.com) and on CDSL's website <https://evotingindia.com> and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed for placing the same on their website(s).
26. **E-voting Instructions:** The instructions and other information relating to e-voting are as under:
- Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Now click on "Shareholders" to cast your votes.
  - Now fill up the following details in the appropriate boxes:

User - ID	For CDSL: 16 digits beneficiary ID For NSDL: 8 Character DP ID followed by 8 Digits Client ID Members holding shares in Physical Form should enter Folio Number registered with the Company
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- Next enter the Image Verification as displayed and click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

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**For Members holding shares in Demat Form and Physical Form**

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PAN	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department.  Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name in CAPITAL followed by the last 8 digits of their Demat account number/Folio No., as the case may be, in the PAN field.  In case the Folio No. is less than 8 digits, enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters e.g. If your name is Ramesh Kumar and Folio No. is 1, then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records for the said folio.  If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank column.

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Now select the Electronic Voting Sequence Number (EVSN) along with "Amara Raja Batteries Limited" from the drop down menu and click on "SUMBIT".
- On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. The option "YES" implies that you assent to the Resolution and Option "NO" implies that you dissent to the Resolution. Enter the number of shares (which represents number of votes) under "YES/NO" or alternatively you may partially enter any number in "YES"

- and partially in "NO", but the total number in "YES" and "NO" taken together should not exceed your total shareholding.
- xii. Click on the "RESOLUTION FILE LINK" if you wish to view the entire notice or resolution details.
  - xiii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
  - xvi. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - xvii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - xviii. Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xix. In case you have any queries or issues regarding remote e-voting, please write an email to helpdesk.evoting@cdslindia.com. Members can also refer to Frequently Asked Questions ("FAQs") available under the "HELP" section on [www.evotingindia.com](http://www.evotingindia.com)

### Other Instructions

- i. The remote e-voting will commence on **Wednesday, July 17, 2019 (9:00 a.m. IST) and ends on Friday, July 19, 2019 (5:00 p.m. IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialised form as on July 13, 2019 i.e cutoff date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- ii. **The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e July 13, 2019. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories as on the cut-off date i.e. July 13, 2019 shall only be entitled to avail the facility of remote e-voting and voting at the meeting through ballot.**
- iii. Any person who becomes a member of the Company after the dispatch of the notice of the meeting and holding shares as on the cut-off date i.e July 13, 2019 may write to helpdesk.evoting@cdslindia.com or to the Company at investorservices@amararaja.com for User ID and password or follow the instructions in note no. 26 for casting their vote. If the member is already registered with CDSL e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

### Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The following statement sets out all material facts relating to ordinary / special business mentioned in the accompanying notice dated May 15, 2019 and shall be taken as forming part of the notice.

#### Item No. 4

Dr. Ramachandra N Galla (age 80 years), was appointed as Director at the annual general meeting held on August 11, 2018. Consequent to the resignation of Mr. Marc D Andraca and Mr. Claudio Morfe, Non-Executive Directors w.e.f April 30, 2019, Dr. Ramachandra N Galla being the longest-serving Non-Executive Director on the Board, retires by rotation and being eligible offers himself for re-appointment.

Dr. Ramachandra N Galla is the founder of Amara Raja Batteries Limited and is being instrumental in the growth of the Company. He occupied various positions in the Company including the office of the Chairman and Managing Director and presently holds the office of the Non-Executive Chairman of the Company. The Nomination and Remuneration Committee and the Board recommended his re-appointment as a Director after taking into consideration, his technical expertise in the business, active participation in the Board and performance as chairperson of the Company.

The particulars of Dr. Ramachandra N Galla viz., qualification, expertise and directorships and memberships of other Board Committees, shareholding and other details as required under secretarial standards are furnished hereunder and in the Corporate Governance Report.

The Board, after taking into account the rich experience and technical expertise of Dr. Ramachandra N Galla; his active participation in the Board; performance as chairperson of the Company and based on the recommendation of the Nomination and Remuneration Committee, unanimously recommends the special resolution as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as set out at item no. 4 of this notice.

Dr. Ramachandra N Galla, Non-Executive Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director are related to each other and are concerned or interested in the resolution as set out at item no. 4 of this notice with regard to re-appointment of Dr. Ramachandra N Galla as a Director.

None of the other directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 4 of this notice.

#### Item No. 5

The Board of Directors at their meeting held on May 15, 2019, on recommendation of the Audit Committee, approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad, Firm Registration No. 000118, as cost auditors of the Company to conduct the audit of the cost records of the Company in respect of products manufactured by the Company falling under CETA code 8507 i.e Electric Accumulators, including separators for the financial year 2019-20 on a remuneration of ₹4,00,000 (Rupees Four Lakhs only) plus reimbursement of out

of pocket expenses and applicable taxes.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, approval of the members is sought by way of an ordinary resolution as set out at item no. 5 of the notice ratifying the remuneration payable to the Cost Auditors for the financial year 2019-20.

The Board, based on the recommendation of the Audit Committee, unanimously, recommends the ordinary resolution as set out in item no. 5 of this notice.

None of the directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 5 of this notice.

#### Item No. 6

The members of the Company at the Annual General Meeting held on August 14, 2015 approved the payment of commission at the rate of 3% of the net profits of the Company per annum in accordance with the provisions of the Section 197 of the Companies Act, 2013 to Dr. Ramachandra N Galla, Non-Executive Chairman for a period of five years commencing from September 1, 2015. The Ministry of Corporate Affairs (MCA) notified the Companies (Amendment) Act, 2017 effective from September 12, 2018. As per amended Section 197 of the Act, approval of members by way of special resolution is required in case of payment of commission to all the non-executive directors exceeds 1% of the net profits of the company per annum.

Further as per the new Regulation 17(6)(ca) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members by way of special resolution is required every year in case of annual remuneration payable to a single Non-Executive Director exceeds 50% of the total annual remuneration payable to all non-executive directors.

As the annual remuneration payable to Dr. Ramachandra N Galla, Non-Executive Chairman for the financial year(s) 2018-19 and 2019-20 would exceed 50% of the total annual remuneration payable to all non-executive directors, the resolution set out in item no. 6 seeks approval of the members by way of special resolution for the payment of Commission at 3% of the profits of the Company to Dr. Ramachandra N Galla, Non-Executive Chairman for each of the financial year(s) 2018-19 and 2019-20.

The Board, after taking into account the rich experience and technical expertise of Dr. Ramachandra N Galla; his active participation in the Board; performance as chairperson of the Company and based on the recommendation of the Nomination and Remuneration Committee, unanimously recommends the special resolution as set out at item no. 6 of this notice.

Dr. Ramachandra N Galla, Non-Executive Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director are related to each other and are concerned or interested in the resolution as set out in item no. 6 of this notice with regard to payment of commission to Dr. Ramachandra N Galla, Non-Executive Chairman.

None of the other directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 6 of this notice.

#### **Item No. 7**

The members of the Company at the Annual General Meeting held on August 14, 2015 approved payment of commission to Non-Executive Independent Directors in such sum and proportion as the Board may deem fit, provided the aggregate of such commission to Non-Executive Independent Directors shall not exceed @ 1% of net profits of the Company per annum for a period of five years commencing from September 01, 2015.

The Ministry of Corporate Affairs (MCA) notified the Companies (Amendment) Act, 2017 effective from September 12, 2018. As per amended Section 197 of the Act, approval of members by way of special resolution is required in case of payment of commission to all the non-executive directors exceed 1% of the net profits of the company per annum.

The Non-Executive Independent Directors of the Company brings to the Board their domain expertise and rich experience across a wide spectrum of functional areas. The Board felt that the Non-Executive Independent Directors need to be compensated for their time and efforts in discharging their duties under the Act. Accordingly, approval of the members by way of special resolution is being sought for the payment of Commission to all non-executive independent directors of the Company for each of the financial years from 2018-19 to FY 2023-24.

The Board, after taking into account the performance as independent directors unanimously recommends the special resolution as set out at item no. 7 of this notice.

The Non-Executive Independent Directors, are concerned or interested in the item no. 7 to the extent that they would be entitled to receive commission as may be payable to them from time to time, if approved by the members.

None of the other directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 7 of this notice.

#### **Item No. 8**

The members of the Company at the Annual General Meeting held on August 14, 2015 approved the re-appointment of Mr. Jayadev Galla as Vice Chairman and Managing Director of the Company for a period of 5 years from September 1, 2015 to

August 31, 2020 at a total remuneration of 5% of the net profits of the Company per annum.

The members of the Company are requested to note that as per Regulation 17 (6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the members by way of special resolution is required in case of annual remuneration payable to executive directors who are promoters or members of the promoter group exceeds INR 5 crore or 2.5% of the net profits of the listed entity, whichever is higher.

Mr. Jayadev Galla, Vice Chairman and Managing Director, being a promoter, drawing a total remuneration of 5% of the net profits per annum, approval of the members by way of special resolution is sought for the payment of remuneration to him for the remaining tenure of his appointment i.e April 1, 2019 to August 31, 2020 as set out hereunder.

#### **1. Remuneration comprising of salary and commission shall be as follows:**

Salary : ₹20,00,000/- per month

Commission : Five per cent (5%) of the net profits of the Company, inclusive of salary and perks.

#### **2. Perquisites/benefits**

##### **House rent allowance/accommodation**

House rent allowance as may be applicable to the employees of the Company or provision of furnished accommodation.

##### **Medical reimbursement**

Reimbursement of medical expenses incurred for self and family and dependent parents, subject to a ceiling of one month's salary per year.

##### **Leave travel concession**

Leave Travel Concession for self and family to and from any place in India, once in a year in accordance with the rules of the Company.

##### **Provident fund**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

##### **Leave encashment**

Encashment of leave at the end of tenure as per the rules of the Company.

##### **Gratuity**

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

##### **Car**

Company's car with driver for business purposes.

**Telephone**

Telephone / Communication facilities at residence for business purposes.

**Club fee**

Club fee subject to a maximum of two clubs. No admission and life membership fee will be paid.

**3. Overall remuneration**

The aggregate of salary, commission and perquisites in any financial year shall not exceed 5% of the net profits of the Company.

**4. Minimum remuneration**

Where in any financial year, during the tenure of Mr. Jayadev Galla, Vice Chairman and Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to Mr. Jayadev Galla, remuneration by way of salary, commission and perquisites not exceeding the limits as specified under Section II of Part II of Schedule V to the Act, as amended from time to time.

5. Mr. Jayadev Galla, Vice Chairman and Managing Director shall be entitled to reimbursement of all actual expenses or charges including travel, entertainment or other out of pocket expenses incurred by him for and on behalf of the Company, in furtherance of its business.

The Board, after taking into consideration, the valuable contributions made by Mr. Jayadev Galla and based on the recommendation of the Nomination and Remuneration Committee, unanimously recommends the special resolution as set out at item no. 8 of this notice.

Mr. Jayadev Galla, Vice Chairman and Managing Director and Dr. Ramachandra N Galla, Non-Executive Chairman and are related to each other and are concerned or interested in the resolution as set out in item no. 8 of this notice with regard to payment of remuneration to Mr. Jayadev Galla, Vice Chairman and Managing Director.

None of the other directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 8 of this notice.

**Item Nos. 9 and 10**

The members of the Company at the Annual General Meeting held on August 6, 2014 appointed, Mr. N Sri Vishnu Raju and Mr. T R Narayanaswamy ("Non-Executive Independent Directors") as an independent directors for a term of five years effective from August 6, 2014. In terms of the provisions of Section 149 of the Act, the Non-Executive independent directors of the Company are eligible for re-appointment for their second term.

Pursuant to Sections 149, 152, 160 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations ("Listing Regulations"), approval of the members by way of special resolution is required for the reappointment of the Non-Executive Independent Directors for a second term of five consecutive years from August 6, 2019 to August 5, 2024.

The Company has received notice(s) from a member proposing the candidature of each of the Non-Executive Independent Director for their appointment as an Independent Director of the Company.

The Non-Executive Independent Directors have given their consent and also declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Act and Listing Regulations. The Board of Directors reviewed the said declarations and in the opinion of the Board each of the Non-Executive Independent Directors fulfill the conditions specified in the Act, the rules made thereunder, Regulations for their appointment as an Independent Director and are independent of the management.

The Board, after taking into consideration the valuable contributions made by each of the Non-Executive Independent Directors; their participation in the Board; performance evaluation of the Non-Executive Independent Directors unanimously recommends the special resolution as set out at item nos. 9 and 10 of this notice.

Each of the non-executive independent directors and their relative(s) is interested in the resolutions set out respectively at item nos. 9 and 10 of the Notice with regard to their respective appointments. None of the other directors and key managerial personnel or their relatives are interested in this resolution financially or otherwise.

A copy of the draft letter of appointment of each of the non-executive independent directors setting out their terms and conditions is available for inspection without any fee at the registered office of the Company during normal business hours on working days upto the date of the Annual General Meeting.

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

Place: Hyderabad  
Date: May 15, 2019

**M R Rajaram**  
Company Secretary



**Brief particulars of the directors proposed for re-appointment/ appointment at the Annual General Meeting and other details pursuant to Secretarial Standard-2 and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given below:**

**a. Dr. Ramachandra N Galla**

Dr. Ramachandra N Galla (age 80 years), is an engineering graduate with M.E. (Applied Electronics) from Roorkee University, Uttar Pradesh and did his MS in Systems Sciences from Michigan State University, USA.

He is the founder Chairman of Amara Raja group of Companies. He started his career as an Electrical Engineer in US Steel Corporation, USA and moved on to Sargent & Lundy, USA as a Consulting Engineer for the Designing of Nuclear & Coal Fired Power Plant before he laid the

foundation of Amara Raja Batteries Limited in the year 1985 in Chittoor District. He was first appointed as a Director in the year 1985, occupied various positions in the Company including the office of Chairman and Managing Director and presently holds the office of the Non-Executive Chairman of the Company.

His attendance details at the Board meetings, Committee meetings, Annual General Meeting held during the financial year 2018-19 and the commission payable for the financial year 2018-19 are given in Corporate Governance report.

He is the father of Mr. Jayadev Galla, Vice Chairman and Managing Director and does not hold any shares directly in the Company. He is proposed to be appointed as a non-executive director, liable to retire by rotation as proposed in the item no. 4 of the notice of the annual general meeting.

**Details of Directorships and Committee Memberships of Dr. Ramachandra N Galla as on March 31,2019 are as follows:**

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Amara Raja Batteries Limited	Chairman	Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Loan and Investment Committee	Chairman
Mangal Industries Limited	Chairman	Audit Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Loan and Investment Committee	Chairman
		Nomination and Remuneration Committee	Member
Amara Raja Power Systems Limited	Chairman	Audit Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Loan and Investment Committee	Member
Amara Raja Electronics Limited	Chairman	Audit Committee	Member
		Corporate Social Responsibility Committee	Chairman
		Loan and Investment Committee	Chairman
		Nomination and Remuneration Committee	Member
Andhra Pradesh Gas Power Corporation Limited	Director	-	-

Note: Only listed and unlisted public limited companies incorporated in India are considered.

**b. Mr. N Sri Vishnu Raju**

Mr. N Sri Vishnu Raju (age 45 years) is an Alumnus of the Harvard Business School and has completed the OPM programme. He holds Bachelor's degree in Engineering from Osmania University, Hyderabad. He was earlier a Director in Raasi Cements Limited and Raasi Ceramics Limited. He is the Founder and Chairman of Exciga Group.

He was first appointed as an Independent Director on August 14, 2008 and presently he is the member of the Audit Committee, Nomination and Remuneration Committee,

Loan and Investment Committee and Risk Management Committee.

His attendance details at the Board meetings and Annual General Meeting held during the financial year 2018-19 and the commission payable for the financial year 2018-19 are given in Corporate Governance report. He is proposed to be appointed as a non-executive independent director for a second term of five (5) years, not liable to retire by rotation.

He is not related to any other director or KMP of the Company and does not hold any shares in the Company.

**Details of Directorships and Committee memberships of Mr. N Sri Vishnu Raju as on March 31, 2019 are as follows:**

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Amara Raja Batteries Limited	Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Loan and Investment Committee	Member
Heritage Foods Limited	Independent Director	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
		Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member
		Risk Management Committee	Member
Raasi Computer Limited	Director	-	-
Raasi Software Corporation Limited	Director	-	-
Zydus Wellness Limited	Independent Director	-	-

Note: Only listed and unlisted public limited companies incorporated in India are considered.

**c. Mr. T R Narayanaswamy**

Mr. T R Narayanaswamy (age 42 years) is the Co-Founder and Group Managing Director of the Tattva Group, who are headquartered in Chennai, India. He has charted the growth of the Tattva Group and its subsidiaries and divisions. A Post Graduate in Commerce, he is responsible for the formation and growth of the Group.

The Tattva Group currently have businesses in Oil & Gas Engineering, Project Management and Consulting & Healthcare.

He was first appointed as an Independent Director on June 1, 2009 and presently he is the member of the Audit

Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee.

His attendance details at the Board meetings and Annual General Meeting held during the financial year 2018-19 and the commission payable for the financial year 2018-19 are given in Corporate Governance report. He is proposed to be appointed as a non-executive independent director for a second term of five (5) years, not liable to retire by rotation.

He is not related to any other director or KMP of the Company and does not hold any shares in the Company.

**Details of Directorships and Committee memberships of Mr. T R Narayanaswamy as on March 31, 2019 are as follows:**

Name of the Company	Chairmanship/ Directorship	Committee	Chairman/ Member
Amara Raja Batteries Limited	Independent Director	Audit Committee	Member
		Nomination and Remuneration Committee	Member

Note: Only listed and unlisted limited companies incorporated in India are considered.



## Amara Raja Batteries Limited

CIN: L31402AP1985PLC005305

Registered Office: Renigunta – Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh– 517520

Tel: 91 (877) 226 5000 Fax: 91 (877) 228 5600

[investorservices@amararaja.com](mailto:investorservices@amararaja.com) | [www.amararajabatteries.com](http://www.amararajabatteries.com)

### ATTENDANCE SLIP 34<sup>th</sup> Annual General Meeting (AGM) – July 20, 2019

Sr. No.

Folio No. / DP ID No. / Client ID No.	
Name and registered address of the member	
Name(s) of the Joint Holder(s) if any	
Number of Shares held	
Full Name of the Proxy (IN BLOCK LETTERS)	

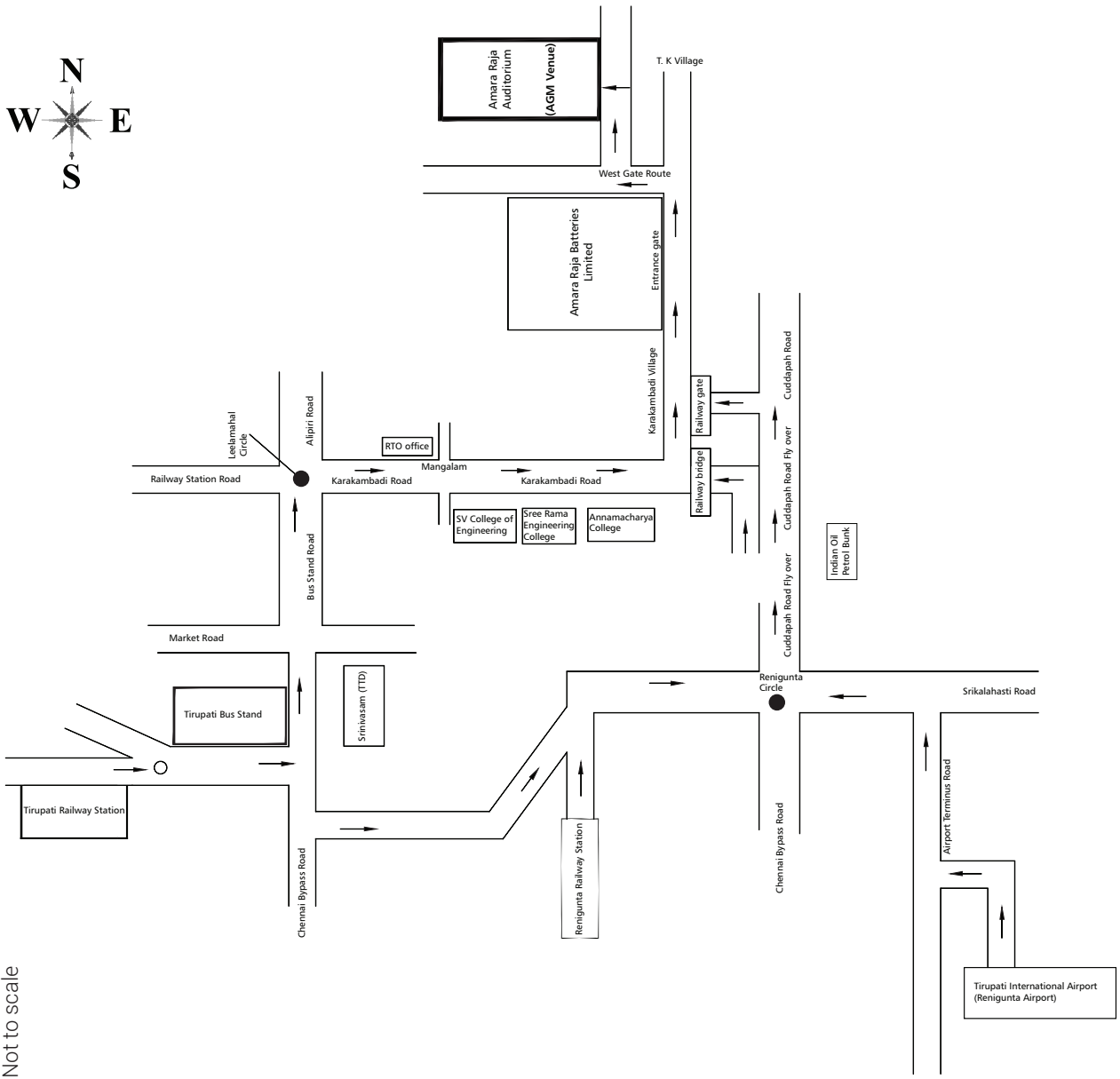
I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the 34<sup>th</sup> Annual General Meeting of the Company held on Saturday, July 20, 2019 at 12:00 noon at the Auditorium situated at the registered office of the Company at Renigunta-Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh - 517 520.

#### SIGNATURE OF THE MEMBER/PROXY

1. Members are requested to handover the attendance slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members/Proxy holders are requested to bring their copies of the Annual Report to the AGM.
2. Only members/representatives of the Corporate members or proxies are allowed to attend the AGM. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013 (Act). A copy of authorisation should be deposited with the Company.

# Route Map to the AGM Venue

Venue: Auditorium, Amara Raja Batteries Limited, Renigunta-Cuddapah Road, Karakambadi, Tirupati - 517520





## Amara Raja Batteries Limited

CIN: L31402AP1985PLC005305

Registered Office: Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh

Tel: 91 (877) 226 5000 Fax: 91 (877) 228 5600

[investorservices@amararaja.com](mailto:investorservices@amararaja.com) | [www.amararajabatteries.com](http://www.amararajabatteries.com)

### Proxy Form - Form MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### 34<sup>th</sup> Annual General Meeting – July 20, 2019

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Name of the Member(s) :

Registered address :

E-mail id :

Folio No./ Client ID No. :

DP ID :

---

I/We, being the member (s) holding ..... shares of the Amara Raja Batteries Limited, hereby appoint

1. Name : .....

Address : .....

e-mail id : .....

Signature : ..... or failing him/her

2. Name : .....

Address : .....

e-mail id : .....

Signature : ..... or failing him/her

3. Name : .....

Address : .....

e-mail id : .....

Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, July 20, 2019 at 12:00 noon at the auditorium situated at the registered office of the Company at Renigunta-Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh -517 520 and at any adjournment thereof in respect of such resolutions as are indicated below:

<b>Resolution No.</b>	<b>Subject matter of the resolution</b>
1.	Adoption of the audited standalone financial statements for the financial year ended March 31, 2019 together with the reports of the Board of Directors' and Auditors' thereon.
2.	Adoption of the audited consolidated financial statements for the financial year ended March 31, 2019 together with Auditors' Report thereon.
3.	Confirmation of interim dividend and declaration of final dividend on the equity shares of the Company for the financial year 2018-19.
4.	Re-appointment of Dr. Ramachandra N Galla (DIN 00133761), as a Director of the Company, liable to retire by rotation.
5.	Ratification of the remuneration to be paid to the cost auditors of the Company for the financial year 2019-20.
6.	Approval for the payment of Commission to Dr. Ramachandra N Galla (DIN 00133761), Non-Executive Chairman @ 3% p.a. for each of the financial years 2018-19 and 2019-20.
7.	Approval for the payment of Commission to Non-Executive Independent Directors of the Company for each of the financial years from 2018-19 to 2023-24.
8.	Approval for the payment of remuneration to Mr. Jayadev Galla (DIN 00143610), Vice Chairman & Managing Director @ 5% p.a. for the remaining tenure of this appointment i.e from April 1, 2019 to August 31, 2020
9.	Appointment of Mr. N Sri Vishnu Raju (DIN 00025063) as a Non-Executive Independent Director for a second term of five consecutive years from August 6, 2019 to August 5, 2024.
10.	Appointment of Mr. T. R. Narayanaswamy (DIN 01143563) as a Non-Executive Independent Director for a second term of five consecutive years from August 6, 2019 to August 5, 2024.

Signed this ..... day of ..... 2019

Affix a  
Revenue  
Stamp of not  
less than ₹1

\_\_\_\_\_  
Signature of the Member

\_\_\_\_\_  
Signature of the Proxy holder(s)

**Notes:**

1. The proxy form in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before AGM i.e on or before 12:00 noon on July 18, 2019.
2. The Proxy need not be a Member of the Company.
3. The proxy holder may vote either for or against each resolution.

To

M/s. Cameo Corporate Services Limited

**Unit: Amara Raja Batteries Limited**

V Floor, Subramanian Building

No. 1, Club House Road

Chennai- 600 002

**Dear Sir,**

**Payment of Dividend through NACH (NACH 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 hereunder, directly to my/our bank account through the National Automated Clearing House (NACH)

The details are given below:

Folio No.	
Name of First / Sole Shareholder	
First Shareholders Address	
E-mail id	
Mobile No.	

**Particulars of Bank:**

Name of Bank in Full									
Branch Name & Address									
IFSC Code									
Branch Code									
(9 Digits Code Number of the Bank and branch as appearing on the <b>MICR</b> Cheque issued by the Bank). Please attach a photocopy of the cheque.									
Type of Account with code	Saving Bank 10			Current 11			Cash Credit 13		
Account No. (as appearing on the Cheque Book)									

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 or User institution responsible. I/We undertake to inform any subsequent changes in the particulars of my account to facilitate updation of records for purpose of credit of dividend amount. 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)





To

M/s. Cameo Corporate Services Limited

**Unit: Amara Raja Batteries Limited**

V Floor, Subramanian Building

No. 1, Club House Road

Chennai- 600 002

**Dear Sir,**

**Sub: E-mail address Registration**

I am a shareholder of the Company. I want to receive all communication from the Company including AGM and other General Meeting notices and explanatory statement(s) thereto, Balance Sheets, Director's reports, Auditor's Reports etc or any other Communication from the Company through E-mail. Please register my E-mail id, set out below, in your records for sending communication through e-mail:

Folio No. / DP ID & Client ID : .....

Name of 1<sup>st</sup> Registered Holder : .....

Name of Joint Holder(s) : .....

Registered Address : .....

.....

.....

E-mail id (to be registered) : .....

Contact No. : Mobile .....

Landline .....

Signature:

Place:

Date:

**Notes:**

1. Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.
2. Kindly submit duly completed form to Cameo Corporate Services Limited, V Floor, Subramanian Building, No. 1, Club House Road, Chennai-600002







**AMARA RAJA**  
Gotta be a better way

**AMARA RAJA BATTERIES LIMITED**

RENIGUNTA - CUDDAPAH ROAD, KARAKAMBADI  
TIRUPATI, ANDHRA PRADESH - 517 520

TEL: 91 877 226 5000

FAX: 91 877 228 5600

CIN: L31402AP1985PLC005305