



WAY TO GO»»

AMARA RAJA BATTERIES LIMITED
ANNUAL REPORT 2011-12

Disclaimer

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

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Difficult
year for the
economy.

Challenging year for the
telecom and automotive
sectors.

Notwithstanding,

A good year for our Company!

Even as the Indian automobile industry grew only 12% in
2011-12, 1400 bps lower than the previous year and demand
from telecom sector remained flat, Amara Raja Batteries
grew revenues 34% and profit after tax 45%.

Because we consistently believe that there's

**GOTTA BE A
BETTER WAY!**



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 Indian Ocean Rim

AMARA RAJA GROUP CORE PURPOSE

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



AMARA RAJA GROUP VALUES

- Innovation • Excellence • Entrepreneurship • Experiences
- Responsibility

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

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

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

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

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.

A BETTER WAY IS NOT SOMETHING ARCANE AND COMPLEX.

We invested in capacity. We created a better product. We invested in our intellectual capital. We found more customers. We captured a larger wallet share.

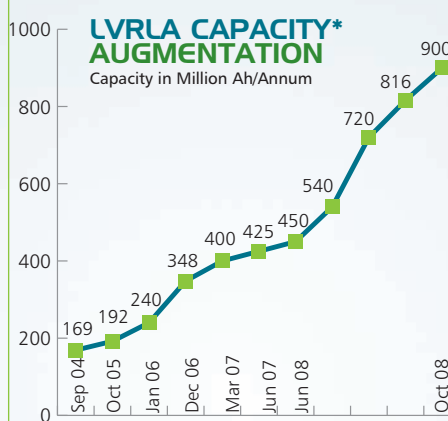
CUMULATIVE INVESTMENT

Total capex in six years
₹4573 million



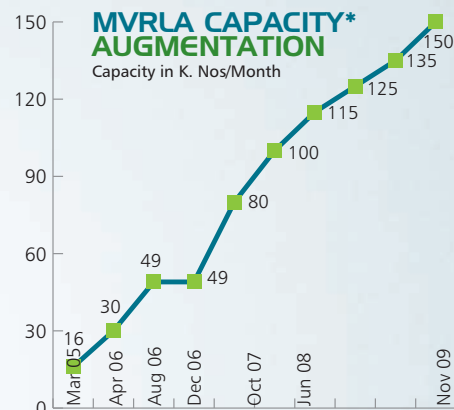
LVRLA CAPACITY* AUGMENTATION

Capacity in Million Ah/Annum



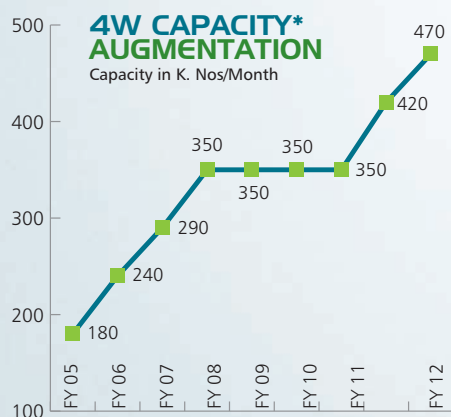
MVRLA CAPACITY* AUGMENTATION

Capacity in K. Nos/Month



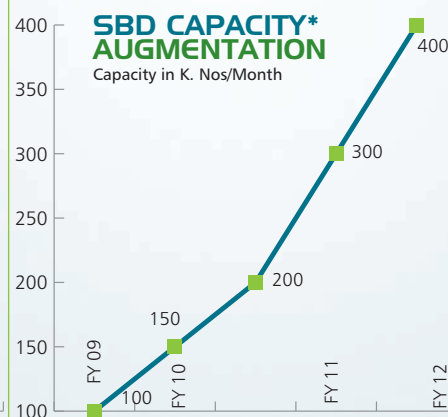
4W CAPACITY* AUGMENTATION

Capacity in K. Nos/Month



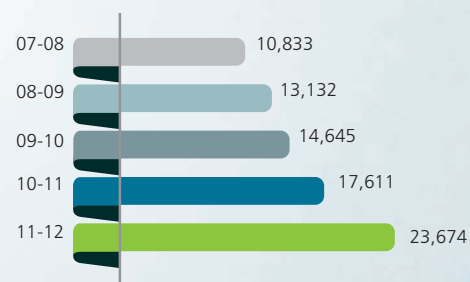
SBD CAPACITY* AUGMENTATION

Capacity in K. Nos/Month



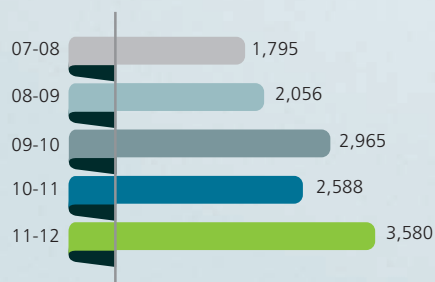
NET REVENUE

(₹ million)



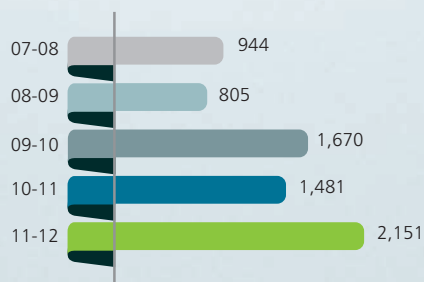
EBIDTA

(₹ million)



PROFIT AFTER TAX

(₹ million)



*Capacity in EQU

THE RESULT OF OUR BUSINESS STRATEGY: WE ENHANCED SHAREHOLDER VALUE.

562%

5-year returns (between
2007 and 2012)
Beating the returns from
BSE 500 by a factor of 4

55%

1-year return (between
2011 and 2012)
Beating the return from
BSE 500 by a factor of 1

692%

3-year returns (between
2009 and 2012)
Beating the returns from
BSE 500 by a factor of 3

4,475%

10-year returns (between
2003 and 2012)
Beating the returns from
BSE 500 by a factor of 7

Multiplying wealth

A ₹1,000 investment in Amara Raja on April 1, 2008 is now valued at ₹2,300 despite the Indian economy facing two economic depressions in the interim.

WAY TO GO!

Source: Businessworld, May 28, 2012

PRIDE IN OWNERSHIP

AMARA RAJA POSSESSES A CREDIBLE RECORD in strengthening shareholder value in both good and difficult markets through a combination of robust business strategy, profit sharing and governance.

We shared our profits

Strengthening shareholder funds: Over the years, the Company balanced the need to reward shareholders and reinvest in its business.

Business stability: The combination of robust profit growth and payout resulted in a growth in market capitalisation and enterprise value.

	2009-10	2010-11*	2011-12
Dividend distribution (₹ million)	248	393	323

	2009-10	2010-11*	2011-12
Dividend per share (₹)	2.90	4.60	3.78

*Includes one time special dividend

	March 31, 2010	March 31, 2011	March 31, 2012
Shareholders' funds (₹ million)	5,437	6,459	8,235

	March 31, 2010	March 31, 2011	March 31, 2012
Gross block (₹ million)	4,911	5,388	6,213

25 < 3

We will invest more – in capacities, capabilities and products – in the next three years than what we did in the past with the objective to enhance shareholder value faster than in the past.

WAY TO GO!

Tangible value addition

The Company has expanded its business and profits, added to its asset base, increased its dividend payout and in doing so grew its market capitalisation.

Business strategy: The Company introduced a number of pioneering products, enjoying undisputed leadership in product segments and growing its topline faster than sectoral peers.

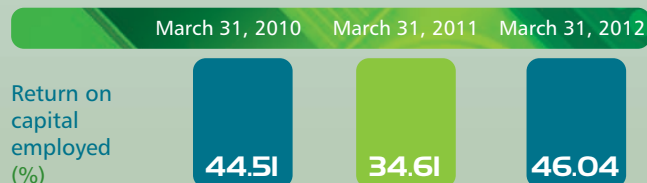
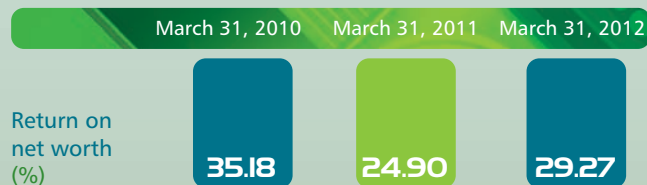
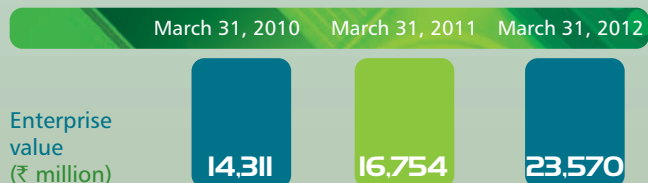
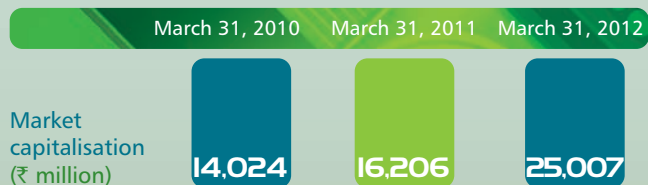
Improving profitability: The Company grew production capacities around attractive economies of scale on the one hand and the application of cost-effective technologies on the other.

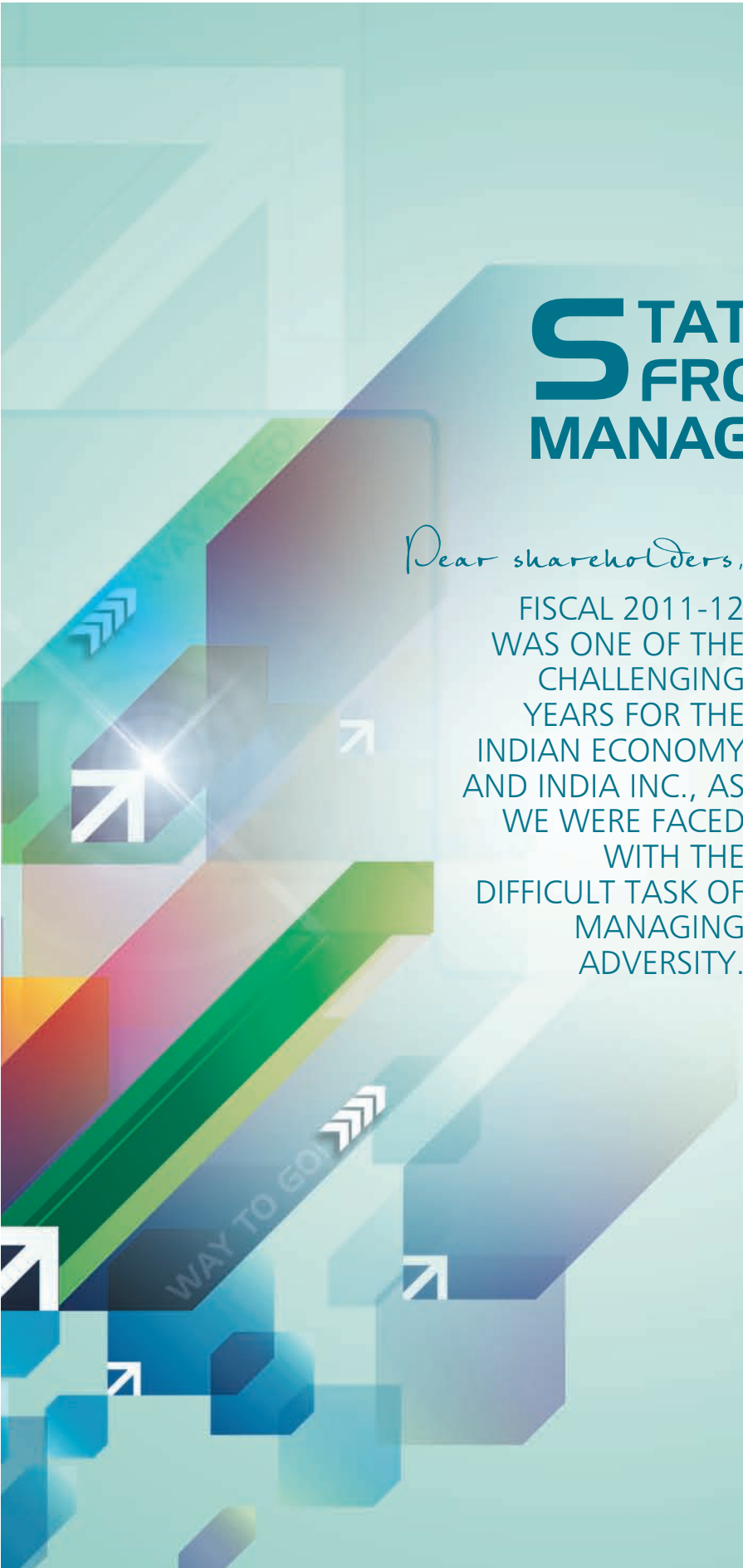
Intangible value addition

The Company fortified its governance-led business commitment and its corporate brand with the objective of enhancing stakeholder confidence in the management's ability to sustain growth over the long term.

Top-of-mind: The Company embarked on brand-building and innovative business solutions, strengthening stakeholder recall.

Awards and recognition: The growing public recognition of the Company's achievements bear testimony to the external stakeholder confidence in the Company's management.





STATEMENT FROM THE MANAGEMENT

Dear shareholders,

FISCAL 2011-12
WAS ONE OF THE
CHALLENGING
YEARS FOR THE
INDIAN ECONOMY
AND INDIA INC., AS
WE WERE FACED
WITH THE
DIFFICULT TASK OF
MANAGING
ADVERSITY.

Challenging times

Stubborn inflation compelled the RBI to resort to interest rate hikes primarily due to lack of innovation in managing inflationary pressures. This adversely impacted capital intensive initiatives by India Inc. Besides, the surfacing of various high-level improprieties forced the active involvement of the Indian judiciary which diverted the policy makers' attention on managing tough situations and compulsions of coalition politics have resulted in a freeze on growth-oriented policies. The other roadblock that severely challenged economic progress was the sharp rupee depreciation and increasing fuel prices.

The prevailing overall uncertainty and lack of optimism, bulging fiscal deficit, rising cost of funds and increased cost of living forced India Inc., and the average Indian to postpone investment and consumption respectively – clearly borne out in India's economic progress – a 6.5% GDP growth, lower than what we achieved in the 2008 global slowdown.

Inspired response

Our performance in 2011-12 was very satisfying even as the external environment remained challenging.

We sustained the growth momentum, increased market share and reinforced our leadership across our key business verticals. Net sales grew 34% and profit after tax grew 45%.

The Company's ability to grow in the rapidly evolving and adverse external environment was due to its customer-centric approach, balanced nature of the business portfolio and entrenched presence across India and strengthening footprint in international markets – which resulted in a positive divergence – high sales growth and an even higher profit growth.

For the automotive battery business, we focused on strengthening our presence in the aftermarket segment. We filled the gaps in our product offering, widened our distribution network and invested in enhancing brand visibility resulting in increased market share. Besides, we developed batteries for some fast-moving OEM diesel platforms which improved the share of business and strengthened our market share.

In the industrial battery business, our alliance with Bharti Airtel generated large exports to Africa, Sri Lanka and Bangladesh. Besides, our transformation from a product vendor to a solution provider generated good business in the telecom space. Strengthening penetration, enhanced recognition of product performance in BFSI, government and corporate circles delivered sizeable volumes for our UPS batteries – we grew faster than the industry.

On the cost front, our shopfloor teams successfully implemented various measures germinating out of their rich knowledge capital and lateral thinking ability – partly neutralising the impact of inflationary headwinds on business profitability.

The result is that we exceeded our business target for 2011-12 even as the country passed through economic slowdown.

Prospects for 2012-13

The challenges posed by an adverse external environment are expected to continue. India's economy is expected to grow at 6.5-7%. Inflation remains high at 7.5%-plus levels. The political instability continues to withhold the passage of important growth-oriented policies. The rupee value continues to hover around 55 against the US\$, making imports dearer. As a result, the performance of India Inc., will largely remain subdued during the current fiscal. This is already reflected in low IIP growth and significant underperformance by the automobile segment.

The immediate action plan

At Amara Raja, we continue to defy these challenging times.

We have created a business plan with stretch targets. We are confident that we will be able to catalyse growth and meet aggressive targets through stronger capabilities.



45%

We sustained the growth momentum, increased market share and reinforced our leadership across our key business verticals. Net sales grew 34% and profit after tax grew 45%



DR. RAMACHANDRA N GALLA | CHAIRMAN

“HAVING CROSSED AN IMPORTANT MILESTONE, WE ARE PROCEEDING TO A LARGER GOAL...A NEW JOURNEY HAS JUST BEGUN.”

Leadership and management: We plan to expand our operations – new capacities, new products, new technologies and new markets. As a precursor to this expansion, we are reinforcing the leadership team and nurturing leaders to make our targeted goals a reality. We are fast-tracking the growth of star performers to undertake larger organisational responsibilities.

Research and development: We will continue to invest in R&D and engineering capabilities that strengthen innovation, widen product offerings and improve our performance.

Technology alliance: We leveraged the rich intellectual capital of Johnson Controls for the manufacture of automotive batteries leading to sectoral leadership in a short time. We will explore strategic alliance for the industrial battery business and cater to dynamic technology changes in the standby power segment.

Information technology: We will strengthen our investments in IT solutions that provide the critical backbone for strategic and informed decision-making.

Visibility & Reach: Our objective is to transform the ‘give some battery’ customer response to ‘give Amaron®’ through innovative branding and visibility initiatives and widespread reach.

The big question

The big question is whether Amara Raja will now reconcile to a mature growth rate on a larger base or sustain its growth percentage. At our Company, the answer is clear: having crossed an important revenue milestone of ₹20 billion in 2011-12, we are forging ahead to emerge as ₹40 billion revenue company in the next four years.

The medium-term aspiration

In the next three years, we will invest more than what we invested in the past. Our medium-term blueprint comprises a dual strategy: create demand faster than what the industry provides and augment supplies in existing and new technologies.

Automotive battery space

Creating demand: As India strengthens its position to emerge as a global automotive hub, we work with leading global and domestic OEMs to customise products that meet their standby power requirements and to position us as a preferred vendor of automotive majors (four-and two-wheelers). We intend to continue the growth momentum in the aftermarket by increasing visibility, through attractive product offering and enhancing Amaron® and PowerZone™ network pan-India. We will enable PowerZone™ to emerge as the second national brand, accelerating offtake. We will also make exports more strategic in certain geographies in the Indian Ocean Rim.

₹ **20** billion

At our Company, the answer is clear: having crossed an important revenue milestone of ₹20 billion in 2011-12, we are forging ahead to emerge as ₹40 billion revenue company in the next four years.

“AT AMARA RAJA, WE STRIVE TO DEFY THE CHALLENGING TIMES. WE ARE CONFIDENT THAT WE WILL BE ABLE TO CATALYSE GROWTH AND MEET AGGRESSIVE TARGETS THROUGH STRONGER CAPABILITIES.”



JAYADEV GALLA | MANAGING DIRECTOR

Augmenting supply: We will be expanding our four-wheeler and two-wheeler battery capacity to six million units during 2013-14 in our existing location. We also intend to commission new manufacturing facilities to further augment four-wheeler automotive capacities at a strategic second location, while we continue to augment the two-wheeler capacities, as and when required, at the existing location.

Innovation: We are evaluating novel process technologies that promise cost optimisation and enhanced product performance. We also intend to introduce new range of products for micro hybrid application, inverter batteries and will explore opportunities for introducing VRLA four-wheeler batteries.

Industrial battery space

Creating demand: As the telecom space upgrades its operating platforms to 3G and 4G and deepens its presence in rural India, incremental demand will be derived through new roll-outs and upgrades; while the replacement demand for existing infrastructure will continue to provide enough opportunity. Besides, as India's power demand and supply gap continues to widen, we expect that the demand for UPS batteries will increase. We will strengthen our dominance in these spaces through collaborative customer partnerships with the objective to develop customised products and comprehensive solutions. Besides, we are analysing market realities to establish a

presence in the tubular flooded/gel space, widening our opportunities.

Augmenting supply: We are expanding the medium VRLA product line capacity from existing 1.80 million units to 3.00 million units in a strategic second location, which will go on stream in the next 12-16 months. We will also create tubular flooded/gel product lines in existing or new location in line with emerging market dynamics.

The proposed investment in the second location will provide enough room for future expansions both in industrial and automotive battery businesses.

Concluding remarks

We are very much excited about the long-term prospects of the industry and our Company. In the past, we demonstrated our ability to provide superior shareholder returns than they would otherwise have earned through alternative investment options. We continue to be confident of doing the same over the foreseeable future.

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

Warm regards,
The Management





AMARA RAJA
Gotta be a better way

INDUSTRIAL BATTERY PLANT

N-13° 40' 33"
E-79° 30' 21"
Altitude-130 Mtrs
Estd. 1989

IBD - OFFICE



MANAGEMENT DISCUSSION AND ANALYSIS



Economic overview

Global economy: From a positive beginning in 2011, the global environment turned adverse in the second half of 2011, owing to the euro zone crisis and monetary imbalances in emerging economies. Capital flows to developing nations declined by almost half in 2011 compared with 2010.

Europe seemed to enter a recessionary phase. The euro zone crisis impacted the economic performance of trade partners. Growth in several developing countries (Brazil, India, and to a lesser extent China, Russia, South Africa and Turkey) declined, partly owing to the euro zone weakness and domestic policy tightening.

Despite apprehensions raised by rating agencies, USA delivered a heartening performance marked by declining unemployment, rising retail sales and

growing new home sales. Notwithstanding the relatively strong activity in the US and Japan, global economic trade and growth slowed sharply. Global GDP grew 3.9% in 2011 compared with 5.3% in 2010.

As per World Economic Outlook, global economic growth is expected to fall to 3.3% in 2012 as the euro area economy is expected to enter a period of mild recession in 2012 owing to increased sovereign yields, bank de-leveraging and fiscal consolidation. Despite a substantial downward revision, developing Asia is still projected to grow at 7.5% in 2012.

Indian economy: India's GDP grew 6.5% in 2011-12, down from 8.1% in 2010-11. In 2011-12, India faced conflicting demands – of managing growth and providing price stability – without corresponding initiatives to counter these challenges. India's real GDP growth in

2011-12 was the lowest in the past nine years even as it remained one of the fastest-growing economies. In addition to global factors, domestic factors like monetary tightening and rising repo rates to control inflation, spiraling oil prices and dampened business sentiments slowed industrial investment and curtailed economic growth.

At the sectoral level, agriculture and allied sectors grew 2.5% in 2011-12 against 7% in 2010-11; the services sector grew 9.4% in 2011-12 against 9.3% in 2010-11; the industrial sector grew 3.5% in 2011-12 against 8.1% in 2010-11, primarily responsible for the slowdown of India's economic progression. The economy's resilience to shocks was owing to the services sector, which enjoyed the largest share with the most consistent growth rate.



Industrial sector: Headline WPI inflation remained high at around 9% during 2011 for the following reasons:

- Higher prices of primary products
- Increasing global commodity prices
- Persistently high international crude petroleum prices

To counter inflation, RBI tightened the monetary situation by increasing interest rates 13 times between March 2010 and October 2011, making industrial borrowing expensive and projects unviable. Rising interest rates depressed manufacturing sector growth from 8.7% in 2010-11 to only 3.7% in 2011-12 (April 2011 to February 2012)

Rupee depreciation: The Indian rupee was under stress as overseas investors pared their exposure in Asia's third-largest economy. The rupee lost more

than 10 percent of its value during the year, making it the worst performing currency in Asia.

Estimates for 2012-13: WPI inflation eventually touched a level of 6.9% in April 2012, which among other factors triggered one of the first rate cut by RBI in several months. Few more rate cuts are expected during the year 2012-13. The RBI estimates an overall 7% GDP growth for the financial year 2012-13

even as inflation continues to be an ongoing challenge following increases in excise duty, service tax and railway freight. Also, the prevalent governance slowdown, bulging fiscal deficit, continual volatility in oil prices, depreciating rupee, uncertainty in rainfall, raising power shortage and higher subsidy burdens do not augur well for the country's economy even in 2012-13.

GDP growth (%)

Particulars	2010	2011
World output	5.3	3.9
Advanced economies	3.2	1.6
Emerging and developing economies	7.5	6.2
Euro area	1.9	1.4

Source: IMF

BUSINESS SEGMENTS

Segment	Overview	Capacity	Products	Sectoral position
Industrial battery division	- Commenced operations in the year 1991 to manufacture batteries for telecom, UPS, railways and power utility sectors - Manufacturing facility is ISO 9001 and ISO 14001-accredited	- Large VRLA batteries – 900 million Ah per annum - Medium VRLA batteries: Two million units	- Product portfolio offers capacities ranging from 4.5 Ah to 5,000 Ah under multiple brands - Amaron Volt™ (Telecom networks, data center, power station, oil and gas) - Power Stack® (Telecom networks, data center, power stations, oil and gas, Indian Railways) - Quanta® (UPS applications) - Power Sleek™ (Wireless telecom network, UPS applications)	Largest supplier of batteries to the telecom and UPS sectors and to Indian Railways for rolling stock application
Automotive battery division	- Commenced operations in the year 2000 with technology from Johnson Controls Inc, USA - Manufacturing facility is QS-9000, ISO-14001 and TS-16949 certified	- Four-wheeler batteries: 5.60 million units per annum - Two-wheeler batteries: 4.80 million units per annum	Passenger cars: Amaron® Pro, Amaron® Flo, Amaron® Go, Amaron® Black and Amaron® Fresh Commercial vehicles: Amaron® Hi-way Tractors: Amaron® Harvest Two-wheelers: Amaron Pro Bike Rider™	Second-largest player in the automotive battery business in India

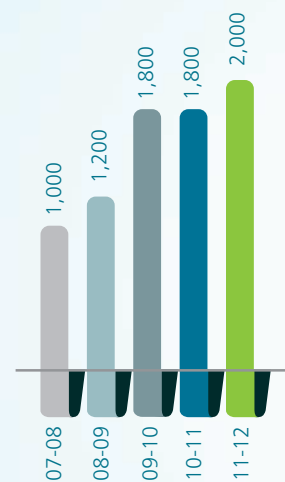


Segment	Distribution network	Customers	Competitive advantage	Market share
Industrial battery division	● Largely a B2B model ● 100 AQUA channel partners facilitate the reach for UPS batteries across the country	Key customers include Indus Towers, Viom Networks, ATC, Bharti Infratel, Bharti Airtel, Vodafone, Aircel, BSNL, Indian Railways, APC, Emerson, Numeric, Delta, DB Power among others	● Partnered Bharti Airtel for its Africa, Sri Lanka and Bangladesh network expansions as the preferred vendor ● Strategic supply partnership with leading telecom tower companies and operators	Telecom: 46% UPS: 32%
Automotive battery division	● Amaron® network comprises 274 franchised distributors, including 18,000 retailers and 2,400-plus service hubs – the second-largest in the battery segment in India ● PowerZone™ network comprises 900 retail outlets for semi-urban and rural presence	● Major OEM customers include Ford, Maruti Suzuki, Hyundai, Honda, M&M, Tata, Volvo Eicher, Daimler Benz, Tafe Tractors, Isuzu Motors among others ● Major Private Label customers include Bosch, Lucas, Cummins and AC Delco ● Dominant player in the aftermarket segment in four-wheelers	● Battery supplier to the entire 'Comfort Delgro' taxi fleet in Singapore. ● 100% share of business with Ford India and Daimler Benz ● 100% share of business in Maruti A-Star exports and Hyundai 'EON' ● First supplier of batteries to M&M for Scorpio Micro Hybrid vehicles ● First to introduce zero maintenance 4-wheeler batteries and VRLA 2-wheeler batteries ● First to provide extended warranties to consumers	Four-wheelers (OEM): 26% Four-wheeler aftermarket (organised): 34% Two-wheeler aftermarket (organised): 24%



MEDIUM VRLA CAPACITY*

(Kilo Nos)



*Capacity in EQU

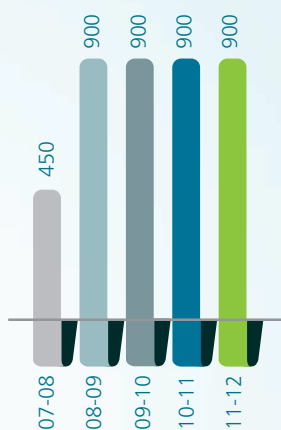
INDUSTRIAL BATTERY DIVISION

Relevance

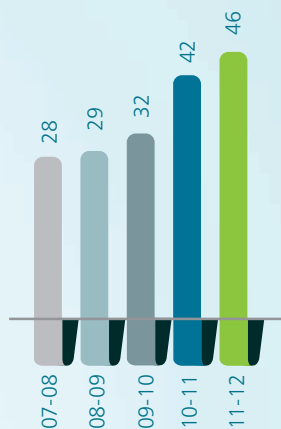
Amara Raja ventured into the industrial battery business through the pioneering introduction of maintenance-free Valve Regulated Lead Acid (VRLA) battery for telecom and UPS applications. The business grew 32% CAGR over five years and contributed 45% to the Company's topline in 2011-12.



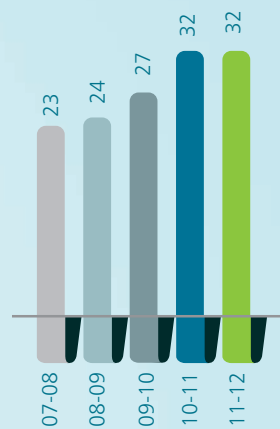
**LARGE VRLA
CAPACITY***
(mn Ah)



**MARKET SHARE
(TELECOM)**
(%)



**MARKET SHARE
(UPS SECTOR)**
(%)





Highlights, 2011-12

- Clocks highest ever volumes in industrial batteries; achieved 14% volume growth over the previous year
- Received the 'Best Quality' award from ZTE Telecom India Private Limited
- Received the 'Excellent Support' award from VIOM Networks Limited
- Received the 'Best Organisation for Quality Movement' award for the second consecutive year from Quality Circle Forum of India

Key initiatives, 2011-12

Supply side initiatives

- Enhanced Medium VRLA product line capacity by 15%

- Achieved 90% plus capacity utilisation in Medium VRLA product line
- Intelligently cannibalised capacities between Large and Medium VRLA product lines to optimise throughput to cater to market dynamics
- Launched specific initiatives under TPM, QCC and IE initiatives, which improved productivity and enhanced employee engagement
- Industrial Engineering Studies in the formation and finishing areas, coupled with low cost automation facilitated reduction in labour
- Developed quick recharge and deep cycling capability batteries for telecom application

Demand side initiatives

- Established strategic partnership with leading telecom operators and tower companies
- More than doubled export volumes; exports to Africa, Sri Lanka and Bangladesh delivered strong volumes
- Expanded the distribution channel to 100 by adding 25 AQUA partners in 2011-12
- Invested in customer engagement programmes; provided training on battery installation and maintenance



'Turbo Project'

Amara Raja successfully implemented this project for significant cost savings. The team modified processes, maintained close tolerances across the assembly line and eliminated idle time to ensure just-in-time inventory availability. The results: product quality improved substantially, power consumption declined about 10% and the time required for 1 mn Ah production declined by 10 man days.

WAY TO GO!

Sectoral scenario and Amara Raja's position in 2011-12

1. Telecom space

Sectoral scenario

- Demand remained flat
- Demand was primarily for replacement as telecom/tower companies ceased any new roll-outs
- Tower companies started looking at total cost of ownership for batteries, hence preference for superior products
- Business model changed from reverse e-auction to one-on-one strategic negotiation with credible battery vendors
- Pricing contracts include pass through clause for lead and rupee
- 3G roll outs delayed due to prolonged regulatory and legal issues

Amara Raja's position

- Leader in telecom space with 46% market share (42% in 2010-11)
- Continue to command premium in terms of share of business and pricing
- Strategic partnership with leading telecom operators and tower companies
- Enjoys preferred vendor status with all telecom operators and tower companies
- Sizeable exports to Bharti Airtel, Africa

2. UPS business

Sectoral scenario

- Market grew at 15%
- Market size now bigger than the market for telecom batteries
- Crackdown on polluting battery plants and surcharge levy on battery exports in China, and rupee depreciation against US\$ made imports unviable.
- e-governance projects by government agencies and departments, BFSI and India Inc. emerged as key growth drivers

Amara Raja's position

- Quanta® (batteries for UPS segment) grew 18% - in excess of the industry growth – Market share at 32%
- Lines operated at full capacity to meet the growing demand for Quanta® batteries
- Realisation per unit improved
- Expanded the distribution channel (AQuA) to 100 by adding 25 new partners in 2011-12
- Achieved prudent business mix between OEM and Replacement.

Perspective for 2012-13 and Amara Raja's roadmap

1. Telecom space

Expected sectoral scenario

- Demand expected to grow at about 8-10%
- Replacement requirement as opposed to new roll-outs will drive battery demand
- Technology choices are being evaluated to optimise energy cost – reduce own generation and use battery power extensively
- Product preference towards quick charge and deep discharge variants
- Competition expected to intensify with some battery manufacturers scaling capability to cater to this space
- 3G and 4G roll-outs by telecom operators to strengthen demand

Amara Raja's roadmap

- Establish strategic partnership with all major customers
- Introduce new range of batteries to suffice Quick Charge and Deep Discharge requirements
- Graduate from a product vendor to a complete solutions provider
- Effective customer engagement at multiple levels to strengthen customer bonding

Through various initiatives, Amara Raja expects to retain its market share and leadership position in the telecom space.

2. UPS business

Expected sectoral scenario

- Market is expected to grow at about 15%
- Effectiveness of e-governance expected to spread widely to multiple government agencies, fueling demand; BFSI and industry will contribute meaningfully to the demand growth
- Rupee depreciation will further tilt the fortunes in favour of domestic suppliers
- Other battery manufacturers are expected to scale up/create capacities in this space

Amara Raja's roadmap

- Continue to outperform industry growth
- Capacity expansion in progress
- Expand channel network to 120 AQuA partners
- Strengthen the presence in the replacement market

Through various initiatives, Amara Raja expects to improve brand visibility and maintain its market share in the UPS business.

The big picture

The Company expects to increase its medium VRLA battery capacity from 1.80 million units to 3.00 million units per annum in the next 12-16 months with a capital outlay of ₹1,400 million (out of ₹1,900 million approved by the Board, ₹500 million goes into creation of infrastructure facilities), for which the Company is in the process of selecting a second strategic manufacturing location.

Medium term optimism

Telecom

India has a population of about 400,000

towers, majority of which were set up before 2008. The demand for telecom batteries is expected to increase due to the following

- Considering an average telecom battery life of four years, replacement demand is expected to be significant
- Launch of contemporary technologies, increasing data transfer consuming larger bandwidth and diminishing signal carrying capacity will necessitate increasing tower density – growing the demand for telecom batteries. Consider this: urban 3G roll-out will need to

leverage growing use of passive infrastructure – increasing the need for tower density by about 40-50%.

UPS

IT and ITes: The Indian information technology (IT) infrastructure market, comprising servers, storage and networking equipment, would reach US\$3 billion by 2016. Revenue growth will be primarily driven by ongoing data centre modernisation and new data centre build outs. Servers are the largest segment of the Indian IT infrastructure market, as revenue is expected to reach



US\$754 million in 2012, and grow to US\$967 million in 2016.

e-Commerce: The Government has invested about ₹10,000 crore on e-governance initiatives and plans to invest another ₹20,000 crore in various projects under the National e-Governance Plan in the next few years. While 14 major e-governance projects including some high-profile ones such as MCA-21 have already gone live, the government expects all the 27 mission mode projects envisaged under the e-governance blueprint, to take off by end

of 2014.

Automated teller machines (ATMs):

Currently India has about 87,000 ATMs owned and operated by banks and are located mostly in urban and metro areas – this creates a huge replacement demand for batteries. More importantly, the Reserve Bank of India (RBI) has released draft guidelines for introduction of 'White-label ATMs' with a view to expand banking services in the country in hitherto unbanked and under-banked areas. The RBI proposes to grant licenses to private companies fulfilling certain

conditions to set up ATMs. India Post plans to set up 1,000 ATMs across the country under its modernisation plan.

3G and 4G rollouts by telecom operators are likely to strengthen battery demand.

WAY TO GO!

AUTOMOTIVE BATTERY DIVISION

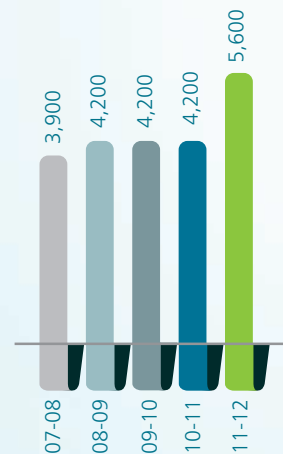
Relevance

Amara Raja entered the automotive battery business in the year 2000 in collaboration with Johnson Controls Inc., USA, global leader in automotive batteries, as its partner. The Company transformed the automotive battery space with the introduction of zero maintenance 4-wheeler batteries and VRLA 2-wheeler batteries with industry leading warranties. The segment contribute 55% of the Company's topline and grew at a 32% CAGR in the five years leading to 2011-12.



FOUR-WHEELER CAPACITY*

(Kilo Nos)

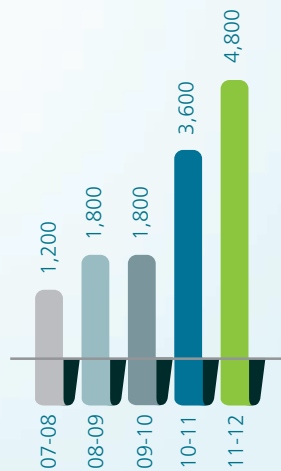


*Capacity in EQU



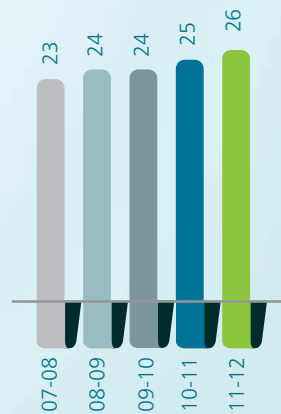
TWO-WHEELER CAPACITY*

(Kilo Nos)



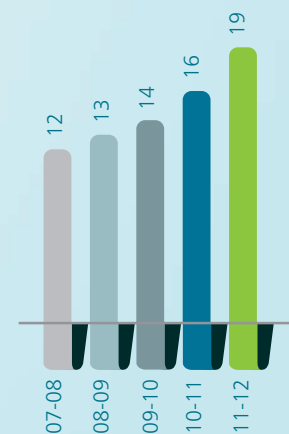
MARKET SHARE (FOUR-WHEELER OEM)

(%)



MARKET SHARE (FOUR-WHEELER AFTERMARKET)

(%)





Highlights, 2011-12

- Sales revenue grew 39%
- Achieved 19% volume growth in four-wheeler batteries and 26% volume growth in two-wheeler batteries
- Special recognition from Maruti Suzuki India Limited for best warranty performance
- 2011 World Excellence Award from Ford Motor Company, USA – Recognition of achievement for warranty improvement in 2010-11

Key initiatives, 2011-12

Supply side initiatives

- Enhanced 4-wheeler battery capacity

from 4.20 million units to 5.60 million units per annum

- Increased 2-wheeler battery capacity from 3.60 million units to 4.80 million units per annum
- Substantially reduced plant rejects and wastages through Six Sigma, SITG, TPM initiatives and several kaizen projects
- Commissioned higher capacity and high raise lead melting pots in grid casting areas, reducing power consumption and dross generation
- Optimised the paste mixing and pasting operations to enhance productivity
- De-bottlenecked the formation area to

enhance production

- Extended the use of 'skylights', for better shop floor lighting, also used solar energy - reducing power consumption
- Improved product consistency and quality by introducing automated weld parameter monitoring
- Enhanced operating dynamics in plant through process quality data automation in battery assembly process
- Introduced 4-wheeler batteries with 18 months warranty for PowerZone™ channel
- Launched 2-wheeler batteries under PowerZone™ brand

- Introduced batteries for diesel platform (DIN series)
- Developed 2-wheeler VRLA batteries for OEMs
- Improved terminal design to enhance battery performance in Amaron® Hi-way and Harvest ranges

Demand side initiatives

- Significantly enhanced market share in 4-wheeler and 2-wheeler replacement segment
- Improved market share with OEM customers in passenger car segment
- Expanded the Amaron® franchisee

network from 240 to 274

- Focused on enhancing the Amaron® active retailer base
- Initiated the PowerZone™ footprint into semi-urban markets; expanded the PowerZone™ network to 900+ outlets
- Successfully launched the 'Amaron Utsav' trade scheme to create loyalty among retailers
- Conducted large scale BTL activities across the country to generate preference for Company's brands
- Launched Amaron® and PowerZone™ branded Home UPS and Tubular Inverter

Batteries under private label program

- Launched a new pan-India TV commercial "Amaron nahin to..." (No Amaron.....No long life) across various television channels, which won the Silver ABBY award 2012
- Introduced caller tunes on two large networks on the lines of the TV commercials
- Installed over 11,000 signages across the country - enhanced visibility
- Finalised distribution network/agent in key markets in the Middle East

Sectoral scenario and Amara Raja's position in 2011-12

1. Four-wheeler OEM business

Sectoral scenario

- Overall 9% growth in automobile production and just 5% growth in passenger car and utility vehicles
- Automobile sector was impacted by adverse macroeconomic factors – high inflation and interest rate, periodic fuel price increases and labour unrest
- The fiscal was marked with lower production and cost pressures which impacted profitability of OEMs
- A visible shift in preference towards diesel cars in view of the widening fuel cost difference

Amara Raja's position

- Sales volume grew 18% - outpacing the industry growth.
- Market share was at 26%
- The growth was contributed by passenger cars, commercial vehicles and tractor segments
- Improved share of business with Hyundai, Maruti Suzuki, Tata, Mahindra, TAFE Tractors and Eicher
- Introduced the DIN series batteries for diesel platform – with increased cranking power for superior performance

2. Aftermarket business (four-wheelers & two-wheelers)

Sectoral scenario

- Moderate double digit growth
- Market witnessed price drops
- Unorganised and regional brands continue to enjoy about 40% of the market
- Demand for home inverter battery was sluggish during H1 and escalated gradually during H2.

Amara Raja's position

- Clocked very strong growth in volume without adjusting prices
- Increased connect with the consumer through electronic media and below the line activities
- Deepened the distribution network; filled in gaps in product offerings to channel with Home UPS and Tubular Inverter batteries
- Increased the market share in organised aftermarket:
Four-wheeler – 34%
Two-wheeler – 24%

Perspective for 2012-13 and Amara Raja's roadmap

1. OEM business

Expected sectoral scenario

- Volatile and uncertain macroeconomic factors in the global and domestic space to take a toll on automobile sector growth
- Rupee depreciation and steep hike in petrol prices to slow down automobile offtake
- Profits of OEMs expected to be hit which will cascade to a margin pressure for vendors
- Clear shift to diesel variant as prospective vehicle owners are expected to focus on total cost of ownership
- OEMs are looking for low weight batteries for a given specification to increase vehicle performance

Amara Raja's roadmap

- Aggressive growth plan – continue to outperform the industry growth
- Increase business volumes and share with India's leading car manufacturer – both diesel and petrol variants
- Initiate business with other global and domestic 4-wheeler OEMs
- Focus on the tractor segment to increase market share
- Commence business with leading 2-wheeler OEMs in India

Through various initiatives, Amara Raja expects to improve its market share in the OEM sector.

2. Aftermarket business (4-wheeler and 2-wheeler)

Expected sectoral scenario

- Aftermarket demand is expected to strengthen due to robust growth witnessed in automobile production in 2009-10 and 2010-11
- Increasing use of batteries in automobile accelerates replacement
 - 4-wheelers: Due to increased accessories, power-steering and auto transmission models
 - 2-wheelers: Due to increasing prevalence of electric start models
- Competition is likely to intensify to regain/gain market shares, beyond few new entrants
- Inverter battery market is expected to be strong

Amara Raja's roadmap

- The Company will strive to maintain the growth momentum by:
 - Expanding Amaron® franchisee network to 290 and PowerZone™ retail base to 1000+
 - Focusing on below-the-line activities for effective channel engagement
 - Strengthening reach and penetration in 2-wheeler segment
 - Improving the brand visibility through media campaign
 - Maintaining effective post after sale services
 - Bridging the gap in product offering
 - Launching 24 months warranty PowerZone™ variants

Through various initiatives, Amara Raja expects to improve its brand visibility and market share in the 4-wheeler and 2-wheeler market spaces. To provide for growing demand, the Company plans to increase the 4-wheeler and 2-wheeler battery manufacturing capacity to six million units during 2013-14.

The big picture

The Company will invest on capacity augmentation both in four-wheeler and two-wheeler batteries over the medium-term at a strategic second location. The Company is evaluating various state of the art process technologies to optimise material costs and enhance product quality and performance. The Company plans to focus on eight large export destinations in the next 24 months.

Medium term optimism

1) OEM market

Passenger vehicles: The Indian car market grew by a factor of 1x nominal GDP per capita growth in five years. This is expected to rise to 1.3x over 10 years as incomes cross the threshold limit (for increased consumption). Using this approach, car sales are expected to accelerate by a 20% CAGR in FY10-20.

Commercial vehicle: Improving freight rates, increasing freight volumes, superior surface infrastructure, favourable sops (IT deductions) and reduced fears of an interest rate hike are expected to increase the demand for heavy commercial vehicles. The proliferation of the hub-n-spoke model, improving last mile connectivity and the strong demand originating from rural segment is likely to drive demand in the LCV segment.



Two-wheelers: The premium segment of the 2-wheelers (comprising the electric-start versions) is expected to remain the fastest growing over the years, given the strong growth in purchasing power in the hands of middle-class urbanites and growing aspiration of the rural youth, especially in the age group of 20-30 years. This is expected to scale volumes for high-power batteries.

2) Automotive battery aftermarket

This is a unique market where every vehicle added to the road promises multiple battery purchase across its useful life – only multiplying business opportunity. Amara Raja is the dominant battery player in the Indian automotive aftermarket.

Passenger vehicles: The Indian passenger vehicle segment experienced strong volume growth in the last five

New two-wheeler variants are predominantly with the electric start feature transforming batteries into a critical component. Hence, timely battery replacement has become mandatory. Besides, owing to increased cranking frequency, the average life of 2-wheeler batteries is expected to decline significantly, creating a huge replacement demand going forward.

Passenger vehicles

	2007-08	2008-09	2009-10	2010-11	2011-12
Production (units)	1,777,583	1,838,593	2,357,411	2,987,296	3,123,528
Y-o-y growth (%)	15.04	3.43	28.22	26.72	4.56

Source: SIAM

years riding on strong economic growth, rising disposable incomes, favourable demographics and relatively low penetration levels. Frequent introduction of new models by OEMs, incumbents as well as new entrants, and adequate financing availability also contributed to

the growth momentum. Industry volumes grew at 16.3% CAGR during 2007-11. Besides, the fast declining battery life due to increased traffic congestion and frequent engine ON-OFF practice to conserve fuel increases battery requirement over the vehicle lifecycle.

Commercial vehicles: Despite the freight advantage of the railways over surface transport, uncertainty of rake availability, increased cargo from India Inc and superior road infrastructure accelerated the addition to India’s commercial vehicle fleet.

Commercial vehicles

	2007-08	2008-09	2009-10	2010-11	2011-12
Production (units)	549,006	416,870	567,556	752,735	911,574
Y-o-y growth (%)	5.58	(24.07)	36.15	32.63	21.10

Source: SIAM





INFORMATION TECHNOLOGY

Overview

The Company's contemporary information technology infrastructure integrated various processes across all functions and geography, accelerated organisational speed in decision making and reduced costs. The organisation-wide IT infrastructure is maintained by a strong in-house team in the areas such as data centre management, networking, hardware sizing and selection, software development and systems administration among others. The centralised data center is located in the plant at Tirupati, Andhra Pradesh. The team periodically reviews and validates the overall security

architecture and invests to strengthen the security framework.

2011-12 in retrospect

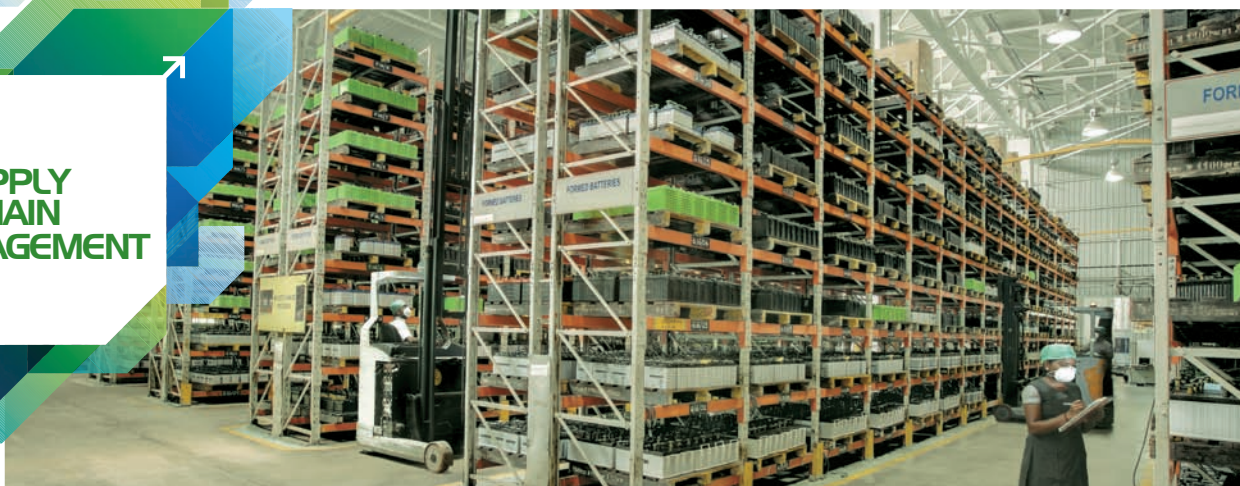
- Continued to focus on SAP functionality enhancements
- Implemented the Business Intelligence Software – SAP Business Objects which provided business insightful information to top and senior management teams
- Implemented the bandwidth management solution which enabled optimum utilisation of bandwidth, enhancing user experience
- Stabilised the attendance and leave

management system, implemented in 2010-11, increasing employee satisfaction

Road map for 2012-13

The Company will further leverage SAP Business Objects to provide real-time data to senior management teams for accurate and swift decision making. The Company will implement the Advanced Planning and Optimisation (APO) SAP modules to improve operational planning, optimise resource utilisation and overall efficiency.

SUPPLY CHAIN MANAGEMENT



Overview

Supply chain management represents a critical link with the outside world. Diverse inputs need to be sourced from within India and globally for seamless shop-floor operations. The output needs to be transported to consuming centres and OEMs just-in-time to minimise inventories on an ongoing basis.

Raw material sourcing: Lead and lead alloys are the building blocks of battery manufacture, accounting for more than 60% of the manufacturing cost. The Company maintains a prudent balance between importing lead (~55%) and sourcing it from domestic lead producers (~45%).

During 2011-12, the Company strengthened its material sourcing capability at minimal costs:

- Secured supply agreements for almost 100% of the estimated quantity in accordance with the business plan
- Actively pursued procurement synergies with joint venture partner – Johnson Controls Inc., USA to improve procurement efficiency
- Enhanced lead procurement from secondary smelters to 38% of the total requirement, at predefined specifications; increased collection centres across India to optimise the cycle time for refined lead collection

Logistics: This comprised handling inbound and outbound logistics. To counter inflation and enhance compliance to delivery schedules, the Company implemented the following initiatives:

- Revamped the shipping contracts for critical class-A products; forged business relations with shipping liners directly, optimising import freight costs
- Embraced the reverse logistics concept in domestic road transport; altered the contractual terms with road transport operators guaranteeing all-year vehicle availability
- Identified credible logistics service providers, reducing costs and lead-time, which assured service throughout the year
- Formulated a periodic reward mechanism for the best logistics service providers based on promptness, quality and safety
- Scanned dynamic freight rates, helping optimise logistic costs, matching industry standards
- Improved loading factor by utilising large capacity vehicles, optimising logistics expenditure
- Reduced secondary freight cost through a dedicated fleet for high volume warehouses with mileage-linked performance criteria

Distribution and warehousing: The Company operates from 29 warehouses, facilitating product distribution to consumption points. To enhance customer service, the Company embarked on the following measures:

- Created a CFA quarterly performance monitoring and rewarding system
- Optimised inventory levels at identified stock points to ensure just-in-time delivery to OEM customers; deployed a dedicated team in each warehouse to specifically service OEMs
- Installed an automated serial number tracking mechanism for batteries which facilitated swift resolution of battery replacement queries under warranty
- Identified high-performance distribution centers; augmented material handling capabilities by investing in state-of-the-art machinery and tools
- Introduced 5S methodology to control storage costs and maintain product quality till the merchandise reached the consumption points
- Established regional centers for effective collection of junk batteries. The junks were recycled through approved secondary smelters and ploughed back into the manufacturing stream
- Readied to establish suitable distribution models in GST scenario across the country



QUALITY MANAGEMENT

Overview

At Amara Raja, quality management is an ongoing journey. The Company's passion for quality products is reflected in its ability to offer the longest warranty products and affirmed by the growing market share in the Indian battery space.

The Company emphasises Continuous Improvement (CI) and Lean implementation through a dedicated apex level team. Under the CI and Lean programme, various tools like TPM, QCC, Visual Management, 5S and Industrial Engineering (IE) studies were effectively deployed to optimise resource utilisation as well as quality culture across all levels.

Benchmarking operational practices and process parameters with JV partner's (Johnson Controls Inc, USA) plants globally is an on-going programme that

helps the Company improve its productivity and quality metrics.

2011-12 in retrospect

Initiatives: During 2011-12, focus was given to waste reduction and natural resource conservation for sustainable development. The Company fostered the active involvement of employees in quality improvement and wastage minimising initiatives.

Recognition: In 2011-12, Amara Raja received numerous awards and recognitions vindicating its commitment to a high quality culture.

- Best Organisation for Quality Movement Award- 2011 for the second consecutive time from Quality Circle Forum of India (QCFI).
- Four QCC teams received awards at QCFI

National level, five teams received gold / silver awards (four gold and one silver) at the regional level, and three teams were selected for international competition.

- Received the first Prize for QCC at the state-level convention conducted by CII.

The Company also received recognition for its superior product and service quality from reputed customers:

- 'Best Quality' award from ZTE Telecom India Private Limited
- 'Excellent Support' award from VIOM Networks Limited
- Special recognition from Maruti Suzuki India Limited for best warranty performance
- 2011 World Excellence Award from Ford Motor Company, USA – Recognition of achievement for warranty improvement in 2010-11

Health, safety and environment

At Amara Raja, the holistic approach towards Health, Safety and Environment practices is based on a strong conviction that the environment need to be preserved and protected, ensuring continuous improvement of the living conditions of the surrounding communities. The Company is certified for Environment Management System – ISO 14001:2004 and Occupational Health and Safety (OH&S) Management System – OHSAS 18001-2007 international standards.

A special focus is given for the continuous improvement in waste reduction, conservation of natural resources, safety and health for a sustainable development. Key measures taken for

cleaner and greener environment include installing efficient pollution control equipment, tree plantation for ecological upgradation, and safe disposal of hazardous wastes through approved smelters. The Company has well-equipped safety installations to meet emergencies. Safety is ensured at the work place through structured training and awareness programmes and periodical drills and audits. The Company has a full-fledged health centre with qualified medical staff and doctors. Employee health check-ups are conducted periodically in addition to various health-related awareness programs from time to time.

HUMAN CAPITAL



Overview

The Company's strong focus on human capital is being reinforced through a well thought-out people strategy. All people initiatives and programmes are aligned with the business needs of the organisation. The HR function is managed by a strong team that combines a prudent mix of energy and experience to steer the Company to greater heights. The organisation remains young with an average age at 31 years as on March 31, 2012. The total number of employees on the Company's payroll was 3,202 as on March 31, 2012.

Talent acquisition

The exclusive talent acquisition cell focused on inducting talent into the organisation to support the expanding operations. In 2011-12, 694 members were inducted as fresh talent into the Company at various positions. The Company's 'Nava Prathibha' programme inducts and retains fresh talent through a structured induction programme comprising customised training sessions namely Amara Raja Training Scheme (ARTS), Amara Raja Graduate and Technician Training Programme (ARGTP) and Amara Raja Graduate Engineer Trainee/Management Trainee Programme (ARGMP).

AR e-Induction

The Company's intranet-based e-induction enables on-boarding of new recruits within seventy two hours of joining. The programme comprises modules on the Company, the Amara Raja Group, CSR and people development. The modules are structured to provide information on the culture, products, processes and important milestones. It is designed with quizzes and interactive content for a faster alignment to the organisation.

Learning and development

Amara Raja's Learning & Development Calendar (ARLDC) captures the development needs of the people at all



levels identified through performance appraisals, TQM and TPM initiatives. In 2011-12, specific in-house programmes were anchored to build technical expertise and soft skills. Additionally, employees were also nominated for specialised learning and development workshops/seminars organised by external institutions. In 2011-12, the Company introduced the e-Learning platform, allowing participants to choose and strengthen their knowledge and skills in diverse fields (aligned to the Company's business and operations), providing 24x7 accessibility.

T-Gauge

In 2011-12, the Company introduced the 'T-Gauge' tool to measure training

effectiveness. This online software solution is based on the world-renowned Donald Kirk Patrick's Training evaluation model. The HR team undertook an organisation-wide awareness programme to acquaint people with T-Gauge model, its utilisation and understanding of the outcomes.

Employee engagement

The Company conducted a comprehensive annual survey called AR-Speak comprising 20 dimensions (one more dimension was added in 2011-12) with a widened response options – 99.76% of the employees participated in this event. Based on the survey inputs, change action plans were drawn up and implemented across the organisation. Three employee engagement dimensions (Communication, Role Clarity and Rewards & Recognition) were identified as strategic areas of focus. Specific organisation-wide action plans were developed and implemented, which are being tracked by the top leadership team.

HR portal

ARG-HR portal, the employee's intranet portal serves as the window of Human Resource to the organisation with up-to-date information on important events and milestones and details of the policies. The portal has an active learning forum, an interactive facility to give feedback or ask any query, which are monitored closely and responded to immediately.

CII-HR Excellence

The organisation adopted the

Confederation of Indian Industry-Human Resources (CII-HR) Excellence Model. Based on the feedback from the assessment done in 2010-11, a road map was developed with specific actions to enhance human resource processes and results.

Amara Raja Way

Amara Raja institutionalised its five core values (Innovation, Excellence, Entrepreneurship, Experiences and Responsibility). To generate awareness on the five values, the organisation celebrated one value as a monthly theme for five months. Teams comprising leadership members were formed to lead activities across all locations, covering all employees. Local teams were formed at every location to plan and conduct events.

Awards

During 2011-12, the Company was recognised for its human resources strategy and processes by the Employer Branding Institute as the third Best Employer in India. The institute also recognised the Company at the national level and conferred the following awards:

- Award for 'Best HR Strategy in line with Business'
- Award for 'Continuous Innovation in HR Strategy at Work'
- Award for 'Excellence in HR through Technology'
- Award for 'Excellence in Training'
- Award for 'Innovation in Recruitment'
- Award for 'Talent Management'

INSIGHTS INTO THE NUMBERS

Analysis of numbers in the statement of profit and loss

- 34% increase in revenue from ₹17,611 million in 2010-11 to ₹23,674 million in 2011-12 at the back of significant volume growth of 19% in automotive four-wheeler batteries, 26% in automotive two-wheeler batteries and 14% in industrial batteries.
- Revenue for the year include trading sale of Amaron® and PowerZone™ branded Home UPS and Tubular Inverter Batteries of ₹881 million in 2011-12 compared with ₹65 million in 2010-11.
- 95% growth in other income from ₹77.76 million in 2010-11 to ₹151.85 million. Other income primarily comprises dividend income, interest on bank deposits/trade receivables and insurance claims.
- 38% escalation in EBITDA from ₹2,588 million in 2010-11 to ₹3,580 million in 2011-12 on account of enhanced operational efficiencies. EBITDA margin for 2011-12 stood at 15.12% against 14.69% in 2010-11.
- 38% increase in materials consumed from ₹11,578 million in 2010-11 to ₹15,955 million in 2011-12 owing to growing scale, higher trading volume, hike in lead base and rupee depreciation against US\$. Material consumption as a percentage of net revenue was at 67.39% in 2011-12 compared with 65.74% in 2010-11.
- 11.5% increase in depreciation and amortisation expense from ₹417 million in 2010-11 to ₹465 million in 2011-12 due to capex additions.
- 21% increase in other operating expenditure (excluding finance cost)

from ₹3,459 million in 2010-11 to ₹4,179 million in 2011-12 owing to higher people cost (annual increase), power and fuel (higher volume), promotional expenses (media campaign and enhanced BTL activities), warranty provisions, administration expenses and provisions for doubtful debts.

- 45% higher PAT – increase from ₹1,481 million in 2010-11 to ₹2,151 million in 2011-12 due to enhanced scale of operations.
- 45% growth in Earnings Per Share (EPS) from ₹17.34 in 2010-11 to ₹25.18 in 2011-12.
- 15% dividend payout (₹3.78 per share) in 2011-12, as per the Company's dividend distribution policy.
- 74% increase in retained earnings from ₹1,023 million in 2010-11 to ₹1,776 million in 2011-12

Analysis of the Balance Sheet numbers

- No change in the equity share capital – paid up capital stood at ₹170.81 million in 2011-12 (85,406,250 shares of ₹2 each)
- 28% increase in reserves and surplus from ₹6,288 million in 2010-11 to ₹8,064 million in 2011-12 following higher retained earnings
- 27% growth in networth from ₹6,459 million in 2010-11 to ₹8,235 million in 2011-12 due to escalated earnings and retention. Book value per share increased from ₹75.63 in 2010-11 to ₹96.42 in 2011-12
- 437 bps growth in return on networth from 24.90% in 2010-11 to 29.27% in 2011-12

The Company has won the third position in 'National Award for Excellence in Cost Management' for the year 2011 under 'Large Private Manufacturing Category' from ICAI.

WAY TO GO!

- 7% decrease in borrowing (excluding current maturities) from ₹901 million in 2010-11 to ₹841 million in 2011-12. The Company is free of interest bearing debt and is net cash surplus as at March 31, 2012. Debt to equity, without adjusting for free cash, improved from 0.15 times in 2010-11 to 0.10 times in 2011-12
- 1143 bps improvement in return on capital employed from 34.61% in 2010-11 to 46.04% in 2011-12 on account of higher profitability and better working capital management
- 16% increase in gross block from ₹5,388 million in 2010-11 to ₹6,213 million in 2011-12 following additions to plant and machinery for capacity augmentation in automotive four-wheeler and two-wheeler batteries
- 6% decline in inventories from ₹2,847 million in 2010-11 to ₹2,666 million in 2011-12 despite improved scale of operations, improvement partly due to change in lead base
- 4.5% increase in trade receivables from 3,056 million in 2010-11 to ₹3,197 million in 2011-12 following an impressive growth in sales
- Four-fold escalation in cash and bank balances at ₹2,292 million in 2011-12 compared with ₹451 million in 2010-11, owing to higher profits and retained earnings
- 16% reduction in trade payables from ₹1,054 million in 2010-11 to ₹889 million in 2011-12 primarily due to change in lead base
- 2.6% (marginal) increase in trade working capital from ₹4,850 million in 2010-11 to ₹4,975 million in 2011-12 despite higher level of operations
- 54% increase in share price from ₹190 as at March 31, 2011 to ₹293 as at March 31, 2012 aided by improved earnings and multiples.

INTERNAL CONTROL

The Company believes that business efficiency, management effectiveness and safe guarding of assets can be sustained through an adequate internal control processes. Internal control enables objective functioning and hard focus on results by standardising processes and optimising efforts in implementing and monitoring them. Internal control eliminates uncertainties and avoidable risks in achieving the goals. Internal controls in the Company are exercised through:

- Accurate recording of transactions with multi-layered checks for authentication and approval
- Consistent adoption of accounting policies and practices and compliance with prescribed Accounting Standards to the extent applicable
- Control reviews for long-term plans, annual budgets with mid-term course corrections
- Incorporating critical operational and security controls into the Enterprise Resource Planning platform to enforce effective implementation
- Well-documented policies/guidelines
- Continuing endeavour to meet various statutory requirements
- Monitoring by in-house internal control function
- Audits and reviews by independent professionals, as required by the law and otherwise, and
- Interactions between the independent auditors, management and audit committee on scope, observations and outcomes of the audits and reviews.

AT AMARA RAJA, DE-RISKING IS EMBEDDED IN THE BUSINESS MODEL

As a diversified enterprise, Amara Raja has always had a system-based approach to business risk management.

A combination of centrally issued policies and divisionally-evolved procedures bring robustness to the process of ensuring business risks are effectively addressed. A robust and comprehensive framework of strategic planning and performance management ensures realisation of business objectives based on effective strategy implementation. The senior management of the Company periodically reviews the risk management framework to maintain its contemporariness so as to effectively address the emerging challenges in a dynamic business environment.



MANAGING GROWTH ON A LARGE BASE COULD BE A CHALLENGE FOR THE COMPANY

Inherent de-risking

- The Company's business is broad-based – its revenue accrues from multiple user segments – a slowdown in any single segment will not impact the overall growth.
- Over the years, the Company has consistently invested in talent, technologies and capacities; enhanced market share; improved operational efficiency and strengthened customer relations – increasing business volumes and profits.
- In a challenging year for the telecom and automobile OEMs (2011-12), the Company grew its topline by 34%.

Planned de-risking

- The Company is systematically widening its reach through Amaron®, PowerZone™ and Quanta® distribution networks to establish presence in every consuming pocket.
- The Company is strengthening relations with OEMs and Institutional buyers – in both the businesses.
- The Company has plans to make export business strategic through concerted effort in select geographies.
- The Company is augmenting capacities for four-wheeler, two-wheeler and industrial batteries at the existing facility and a strategic second location.



GARNERING ADEQUATE LIQUIDITY TO FUND PLANNED CAPEX AND EXPANDED OPERATIONS COULD PROVE CHALLENGING

Inherent de-risking

- The Company has consistently retained and profitably deployed the earnings over the year.
- The Company has no interest bearing debt as on March 31, 2012.
- CRISIL has reaffirmed CRISIL AA/Stable and CRISIL A1+ credit rating.
- The Company has cash and bank balance of over ₹2,200 million as on March 31, 2012.

Planned de-risking

- The Company plans to fund the entire capex for capacity augmentation in various product lines, during the next 24 to 36 months, through internal accruals.
- The strength of the financial statements can be leveraged to garner adequate funds either through debt or equity at an attractive cost.



INABILITY TO SUSTAIN PROFITS AND PROFITABILITY COULD DAMPEN THE COMPANY'S PROSPECTS

Inherent de-risking

- Fully integrated and optimally sized plant at a single location provides significant economies of scale.
- Preferred supplier status with OEMs and Institutional customers backed by quality product and service enables the Company to earn volume and price premium over competition.
- Over the years, the Company has maintained an ideal mix between OEM and aftermarket in the automotive and UPS battery businesses.
- Deployed various best business practices by leveraging the Company's partnership with Johnson Controls Inc, USA, global leader in battery business.
- In the challenging year for the Indian economy (2011-12) in the last decade, the Company grew its bottomline by 45%.

Planned de-risking

- Focusing on wastage elimination and productivity improvement through globally-recognised Continuous Improvement programmes.
- Involving shop floor teams for identifying and carrying out process improvements resulting in cost efficiencies and higher productivity.
- Absorbing new process technologies and creating new products, moves the Company higher in the value chain, facilitating superior earning.
- Deploying unique techniques and volume-based negotiation improving procurement and logistics cost.
- Expanding the usage of secondary lead optimising input costs.



WEAKENING LOYALTY OF CHANNEL PARTNERS COULD IMPACT BUSINESS ESTIMATES

Inherent de-risking

- The Company has created a pan-India distribution and service network [274 Amaron® franchisees, 18,000 Amaron® retailers, 900+ PowerZone™ retailers, 100 AQUA dealers].
- The Company's wide range of superior products, adequate promotional and service support and growing volumes have improved business prospects for the channel partners.
- The Company supports its channel partners with adequate working capital funding through a well-structured channel financing arrangement with banks.

Planned de-risking

- The Company developed/offered products that filled the gaps in the product basket – this will enable channel partners offer a comprehensive solution – superior business proposition for the coming years.
- The Company plans to offer products for newer applications - widening opportunities for channel partners.



CORPORATE SOCIAL RESPONSIBILITY

At Amara Raja Group ('Group'), 'Responsibility' is one of the core values and thus Corporate Social Responsibility (CSR) has always assumed an all-pervasive presence in all its activities.

Delivering social value to the community at large has been the vital cog around which the wheel of the Group revolves. The Group strategically locates its plants in rural areas, thereby catalysing their development in terms of employment, infrastructure and social enlightenment, making a significant impact on the inhabitants of these regions.

The Group also utilises a 'Direct Delivery' model through which it ensures that the benefits emanating from its efforts reach the intended beneficiaries directly, speedily and effectively. The Amara Raja Group ensures this through the following channels:

Rajanna Trust: Rajanna Trust lays an emphasis in the domains mentioned

below:

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

Mangamma and Gangulu Naidu

Memorial Trust (Mangal Trust): The major thrust areas include education, training, health and sanitation. The Mangal Trust is predominantly engaged in transforming the quality of life in these areas with a focus on Petamitta and surrounding villages. This Trust works in collaboration with the government, Rajanna Trust and other agencies.

Krishnadevaraya Educational and Cultural Association (KECA):

It is a voluntary organisation based in Tirupati. The Amara Raja Group and its employees contribute actively in all the major initiatives of this voluntary organisation. KECA intends to promote education by financing needy students through scholarships and sponsorships. It also ventures towards identifying talented students and also supports arts and culture.

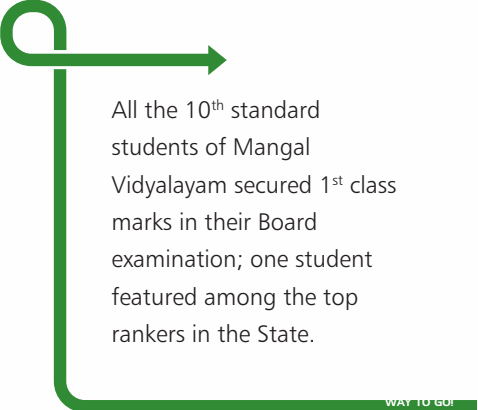
The Group encourages all its employees to actively contribute in their individual capacity, or collectively in CSR activities. Indulging in socially responsible activities is an attitude that is expected from the employees at Amara Raja Group.

The Company supports CSR activities

through the aforementioned 'Trusts'. It has adopted a policy of contributing either 0.2% of its turnover or 2% of its profits before tax each year, whichever being higher, to public charitable causes.

Education and employment

Amara Raja Batteries Limited intends to establish a state-of-the-art 'skill development centre' managed by Rajanna Trust/Mangal Trust for which a sum of ₹5 crore was earmarked for the year 2012-13. The aforementioned institution will have a residential facility constructed on 100 acres of land in Petamitta Village. It aims to provide training in industrial expertise and soft skills to unskilled youth thereby creating an opportunity to provide them with employment. The institution will initially provide training to 160 people in the first year and will graduate to 800 personnel at the end of the fifth year. The centre is expected to be operational from 2013-14.



All the 10th standard students of Mangal Vidyalayam secured 1st class marks in their Board examination; one student featured among the top rankers in the State.

The Trusts also provides financial endowments to government colleges at Pakala and Chandragiri in the Chittoor District for infrastructural development.

Amara Raja Batteries Limited opened over 900 PowerZone™ retail outlets till 2011-12 in rural regions thereby creating additional employment in these areas.

Health

Aveterinary hospital and a Public Health Centre (PHC) are also run under the aegis of the Group which are endowed with the requisite facilities. It collaborated with the state government to facilitate the functioning of a health centre at Petamitta village under the Public Private Participation (PPP) agreement. The proposed 30-bedded PHC with modern amenities including labs, labour room, post-operative wards is underway. Additionally, medical camps were conducted during the year in order to create mass-awareness regarding health and sanitation, as well as providing primary health facilities to communities in the vicinity of the manufacturing facilities.

Socialising: Joy of Giving

The Group organised the 'Joy of Giving' programme across the country successfully for the third consecutive year. Clothes and other useful material were collected from

employees and others and were donated to financially incumbent families in and around the manufacturing units.

Arts and culture

The Group, in a bid to promote literature from the Rayalaseema Region facilitated the publication of various literary works of Late P.Rajagopal Naidu on the country's historical and cultural legacy. These books were published and released in Tirupati during the year 2011-12.

Rural infrastructure

The Group constructed a number of community facilities – banks, telephone exchange buildings, bus shelters, toilet blocks, visitors' room(s) and roads to benefit the communities around its manufacturing facilities.

The Company sponsored CSR initiatives were encapsulated under the programme named 'Grameena Vikasam' catering to the villages under Amaragaon project. The villages are equipped with internet access thereby keeping them connected with the world at large. Rajanna Memorial at Diguvamagham is one such facility housing a cyber cafe, library, amphitheatre, a playing area for children and a public entertainment cum refreshment park.

Agriculture and irrigation

The Group had, in the past, constructed 23 check dams; sluice and supply channels to provide clean drinking water and it deepened existing ones to help farmers increase the arable land and land for permanent crops in this region. As a result, ground water levels were boosted and the quantity of water available for irrigation was enhanced. This played a revitalising role in a region where rainfall is erratic and water scarce. Around 50 villages in the Chittoor district benefited from this programme. Similar projects were initiated and continued during the year. Regular training programs and

awareness programmes to inculcate farmers with tenets of modern farming technologies, use of fertilisers and pesticides, harvesting techniques, transport and storage of agricultural produce were conducted through the efforts of the Rajanna Trust.

Environment

The Group is utilising a 222-acre hillock area in Pemmagutta in Chittoor district through the cultivation of medicinal herbs. This social forestry initiative provides livelihood to 40 tribal families. 50,000 saplings are supposed to be planted, with over 36,000 already having been planted as a part of this initiative. The Group involves the local

community in its CSR activities, instills a sense of belonging. During the year, the 'Blue Sky Programme' organised by the Group attracted participation from villagers and school children and over 1000 plants were planted under this programme.

Donation

Financial year	Total (₹)
2007-08	1,08,73,000
2008-09	1,36,69,200
2009-10	5,13,52,935
2010-11	4,42,02,980
2011-12	6,38,88,946



10 - Years Financials

(₹ Million)

Parameters / Year	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
OPERATING RESULTS										
Net sales	23,674	17,611	14,645	13,132	10,833	5,958	3,637	2,199	1,636	1,607
Profit before depreciation, interest & tax (PBDIT) **	3,580	2,588	2,965	2,056	1,795	905	521	262	118	227
Profit before interest & tax (PBIT) **	3,115	2,171	2,536	1,711	1,551	735	374	125	(4)	110
Profit before tax (PBT)	3,186	2,204	2,546	1,227	1,459	712	373	136	12	117
Profit after tax (PAT)	2,151	1,481	1,670	805	944	470	238	87	14	74
Dividend	323	393	248	68	40	40	28	23	17	17
Dividend Tax	52	65	42	12	7	7	4	3	2	2
Retained profits	1,776	1,023	1,380	725	897	423	206	61	(5)	55
SOURCES AND APPLICATION OF FUNDS										
SOURCES OF FUNDS										
Share capital	171	171	171	171	114	114	114	114	114	114
Reserves and surplus	8,064	6,288	5,266	3,885	3,217	2,323	1,899	1,693	1,632	1,637
Net worth	8,235	6,459	5,437	4,056	3,331	2,437	2,013	1,807	1,746	1,751
Debt	855	1,000	912	2,859	3,163	1,407	405	233	149	97
Deferred tax liability	220	205	216	182	169	136	120	131	145	176
Funds employed	9,310	7,664	6,565	7,097	6,663	3,980	2,538	2,171	2,040	2,024
APPLICATION OF FUNDS										
Gross fixed assets	6,213	5,388	4,911	4,271	3,106	2,577	1,907	1,672	1,584	1,514
Accumulated depreciation	2,667	2,237	1,854	1,458	1,217	1,009	863	724	592	469
Net fixed assets	3,546	3,151	3,057	2,813	1,889	1,568	1,044	948	992	1,045
Capital work-in-progress	315	375	227	396	657	62	48	13	10	42
Investments	161	161	161	471	162	162	320	236	209	132
Gross current assets	9,494	7,472	6,311	5,260	5,749	3,500	2,280	1,613	1,190	1,227
Current liabilities and provisions	4,206	3,495	3,191	1,843	1,794	1,312	1,154	639	361	524
Net current assets	5,288	3,977	3,120	3,417	3,955	2,188	1,126	974	829	703
Deferred revenue expenditure	-	-	-	-	-	-	-	-	-	102
Net assets	9,310	7,664	6,565	7,097	6,663	3,980	2,538	2,171	2,040	2,024
RATIOS										
PBT to sales (%)	13.46	12.51	17.38	9.34	13.47	11.95	10.26	6.18	0.73	7.28
PAT to sales (%)	9.08	8.41	11.40	6.13	8.71	7.89	6.54	3.96	0.86	4.60
Return on capital employed (ROCE) (%) ++	46.04	34.61	44.51	30.62	33.91	25.44	18.55	6.81	(0.23)	6.25
Return on net worth (%) @@	29.27	24.90	35.18	21.80	32.73	21.12	12.46	4.90	0.82	4.57
Debt : Equity (times)	0.10	0.15	0.17	0.70	0.95	0.58	0.20	0.13	0.09	0.06
Fixed assets turnover (times) &&	6.43	5.57	4.79	4.67	5.73	3.80	3.48	2.32	1.65	1.54
Earnings per share (₹)	25.18	17.34	19.56	9.42	16.57	41.31	20.94	7.63	1.22	6.50
Dividend (%)	189	230	145	40	35	35	25	20	15	15
Dividend per share (₹)	3.78	4.60	2.90	0.80	0.70	3.50	2.50	2.00	1.50	1.50
Book value per share (₹)	96.42	75.63	63.65	47.49	58.50	213.98	176.76	158.66	153.32	144.82
Share Price (as of March 31) (₹)	292.80	189.75	164.20	36.65	195.65	340.40	234.25	91.65	57.15	47.90

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

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

@@ Return on networth is computed based on average networth

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

The figures for financial years 2010-11 and 2011-12 are prepared as per revised Schedule VI

Board of Directors

Dr. Ramachandra N Galla, *Chairman*

Jayadev Galla, *Managing Director*

Shu Qing Yang

Craig W Rigby (w.e.f May 28, 2012)

Raymond J Brown (w.e.f May 28, 2012)

P. Lakshmana Rao

Nagarjun Valluripalli

N. Sri Vishnu Raju

T. R. Narayanaswamy

Company Secretary

N. Ramanathan

Management Team

K. Suresh, *Chief Financial Officer*

Industrial Battery Division

Srinivasa Rao Ganga, *Chief Marketing Officer*

M. M. Venkata Krishna, *Chief Operations Officer*

Automotive Battery Division

Rajesh Jindal, *Chief Marketing Officer*

M. Jagadish, *Chief Operations Officer*

Auditors

M/s. E. Phalguna Kumar & Co.

Chartered Accountants,

Tirupati

M/s. Chevuturi Associates

Chartered Accountants,

Vijayawada

Cost Auditor

A.V.N.S. Nageswara Rao

Hyderabad

Bankers

State Bank of India, Settipalli, Tirupati

Andhra Bank, Main Branch, Tirupati

State Bank of Hyderabad, Main Branch, Tirupati

Bank of Nova Scotia, Coimbatore

Registered Office & Works

Renigunta – Cuddapah Road,

Karakambadi – 517 520

Tirupati, Andhra Pradesh, India

Corporate Operations Office

5th Floor, Astra Towers,

12P, Kondapur, Hitech City,

Hyderabad – 500 038

Website: www.amararaja.co.in

Registrar and Share Transfer Agents

M/s. Cameo Corporate Services Limited

Subramanian Building,

No. 1, Club House Road, Chennai – 600 002

Tel: +91 44 28460390

Fax: +91 44 28460129

e-mail id: investor@cameoindia.com

Directors' report

Your Directors have pleasure in presenting their report together with the audited financial statements for the financial year ended March 31, 2012.

Financial highlights

₹ Million

Parameters	2011-12	2010-11
Net revenue	23,674	17,611
Other income	152	78
Total income	23,826	17,689
Operating profit (PBDIT)	3,580	2,588
Profit before interest & tax (PBIT)	3,115	2,171
Profit before tax (PBT)	3,186	2,204
Profit after tax (PAT)	2,151	1,481
Surplus brought forward	4,661	3,786
Amount available for appropriation	6,812	5,267
Appropriations:		
Transfer to general reserve	215	148
Dividend on equity capital		
Interim dividend	-	171
Final dividend	323	222
Dividend tax	52	65
Surplus carried forward	6,222	4,661

Performance overview

The Company has posted gross sales of ₹26,057 million for the financial year 2011-12 (previous year ₹19,443 million), a 34% growth over the previous financial year. The net sales for the year ended March 31, 2012 grew by 34% at ₹23,674 million (previous year ₹17,611 million). The export sales improved from ₹834 million in 2010-11 to ₹1,170 million in 2011-12 - 40% growth.

The operating profit (Earnings Before Interest, Depreciation, Tax and Amortisation-EBIDTA) for the year stood at ₹3,580 million (previous year ₹2,588 million) representing 15.12% of net sales. The Profit Before Tax (PBT) and Profit After Tax (PAT) for the financial year ended March 31, 2012 was at ₹3,186 million and ₹2,151 million as against ₹2,204 million and ₹1,481 million of

the previous financial year respectively. The profit after tax has registered an impressive 45% growth. The financial year 2011-12 was a significant year in terms of highest ever turnover and profit in the history of the Company.

Industrial battery business

The Company's Industrial Battery business registered 14% volume growth over the previous financial year amidst challenging and competitive market conditions. During the financial year 2011-12, the telecom sector witnessed significant slowdown in network expansion and up-gradation plans. Lack of growth in 3G business and delay in roll out of Broadband Wireless Access (BWA) networks also affected the growth in telecom business. Despite these challenges, the Company increased the volume and market share by virtue of its "preferred

supplier status” with all major customers, backed by timely supplies; efficient after sales service; customer relationship management and product performance of both Powerstack® and Amaron Volt™ batteries.

During the year under review, the Company has capitalised on the growing demand for UPS batteries in India. The continuous demand for Quanta® batteries and better price realisation from various customers in the UPS sector contributed significantly for the improved performance in the Industrial Battery business. The Company continues to retain dominant market share in UPS battery business. During the year, the distribution channel (AQuA) of Quanta® batteries has been expanded from 75 to 100 dealers to augment sales in UPS battery replacement market.

Exports in the Industrial battery business have been growing significantly in the last couple of years aided by surge in demand through the expansion of Bharti Airtel’s network in Africa. The Company has also made significant inroads into Bangladesh and Sri Lanka.

While the Company is focusing on strengthening the businesses in the sectors in which it currently operates, it is also exploring new opportunities in emerging areas viz., renewable energy and power control sectors, to ensure that the leadership position in the Industrial Battery business is sustained. The Company is investing a sum of ₹1900 million on the capacity enhancement in the medium VRLA product line during the next 12-16 months to meet the growing needs and also to sustain the growth momentum.

Automotive battery business

The Company’s Automotive Battery business witnessed significant volume growth of 19% and 26% in 4-wheeler and 2-wheeler batteries respectively, over the previous financial year.

During the period under review, the Company clocked a healthy double digit volume growth in automotive OEM business, despite muted automobile production in the Country due to adverse macro-economic conditions. The Aftermarket business saw substantial volume growth in 4-wheeler and 2-wheeler due to strong demand for Amaron® and PowerZone™ batteries from the customers. The aggressive advertisement campaigns and

effective promotional activities for brand Amaron® and the launch of Amaron® and PowerZone™ branded tubular inverter batteries and Home UPS under private label program has helped the Company to increase volume and market share.

During the year, the Company has expanded the Amaron® channel with the addition of 34 franchisees and initiated various activities around the channel to enhance the number of active retailers among the 18,000 retailers in Amaron® channel. The number of retail partners in PowerZone™ channel has increased to 900 in semi-urban and rural locations across the country.

The export business continues to grow in the Middle East with enrollment of more distributors. The Amaron® brand is well accepted in various countries across the Indian Ocean Rim, built through focused effort over the years.

In a short span of 4 years, the first ever VRLA motorcycle battery in India (Amaron Pro Bike Rider™) carved out an impressive share of about 24% of 2-wheeler organised replacement battery market. With the introduction of PowerZone™ branded batteries in the two wheeler segment, the Company is confident of garnering more volumes in the replacement market. The Company is well on course towards bagging the first few bulk orders from two wheeler original equipment manufacturers.

During the year, the 4-wheeler and 2-wheeler battery capacities were enhanced to 5.60 million units per annum and 4.80 million units per annum respectively to cater to the growing demand for the Company’s products. The 4-wheeler battery capacity will be enhanced further to 6.00 million units per annum during 2013-14 to meet the capacity requirement of financial year 2013-14.

Financial position

The Company’s financial position has vastly improved over the years. The net worth as at March 31, 2012 improved to ₹8,235 million with the addition of ₹1,776 million to the reserves during the year. During the financial year 2011-12, the Company has repaid in full the balance of term loan availed from BNP Paribas (ECB) and as at March 31, 2012 there are no interesting bearing debts in the books.

The debt to equity ratio as at March 31, 2012 stands at 0.10 times, without adjusting for cash and bank balances of ₹2,292

million. The Company has parked the surplus funds in fixed deposits with reputed banks to ensure utmost safety, liquidity and return. The Company is confident of funding the recently announced capacity expansion at a strategic second location through the surplus cash and internal accruals. During the year under review, CRISIL reaffirmed the ratings for bank loan facilities for long-term at "CRISIL AA/stable" and for short-term at "CRISIL A1+."

During the year under review, the gross fixed assets including capital work in progress increased by ₹765 million and are at ₹6,528 million (previous year – ₹5,763 million). The entire additions were funded through internal accruals.

The earnings per share of ₹2/- each for the financial year 2011-12 was at ₹25.18/- as against ₹17.34/- for the previous financial year 2010-11, while the book value per share as at March 31, 2012 was at ₹96/- against ₹76/- as at March 31, 2011.

Dividend

In line with the dividend policy adopted by the Board of Directors at their meeting held on May 19, 2010 to pay dividend (excluding dividend tax) up to 15% of the Profit After Tax (PAT) of the Company, your directors recommend a dividend of ₹3.78/- per equity share of ₹2/- each for the financial year ended March 31, 2012, subject to the approval of the shareholders.

The dividend, if approved, would involve a cash outflow of ₹322.84 million towards dividend and ₹52.37 million towards dividend tax, resulting in a total cash outflow of ₹375.21 million.

Transfer to reserves

As stipulated under the provisions of the Companies Act, 1956 read with Companies (Transfer to Reserves) Rules, 1975, your Directors have proposed to transfer a sum of ₹215.06 million to the general reserve out of the profits earned by the Company. A sum of ₹1,560.36 million is proposed to be retained as surplus.

Sub-division of shares

With a view to enhance the shareholders' wealth, easy accessibility and liquidity of the Company's equity shares to small shareholders, the board at their meeting held on May 28, 2012 recommended, subject to the approval of the shareholders, the

sub-division of the face value of the equity shares from ₹2/- each to ₹1/- each. The notice of the ensuing annual general meeting contains necessary resolutions for approval of the shareholders in this regard.

Awards & recognitions

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

The Employer Branding Institute, a premier industry body on assessment of best people practices, has recognised Amara Raja as 3rd best employer in India for the year 2011 and conferred the following awards at the National Level:

- ▶ "Best HR Strategy in line with business."
- ▶ "Continuous Innovation in HR Strategy at work."
- ▶ "Excellence in HR through technology."
- ▶ "Excellence in Training."
- ▶ "Innovation in Recruitment."
- ▶ "Talent Management."

The Company received the "World Excellence Award - Recognition of Achievement" under the category of **Warranty Improvement** for the year 2011 from Ford Motor Company at its annual world excellence awards function.

The Company received the first prize in "Best Organisation for Quality Movement" consecutively for the second time from Quality Control Forum of India (QCFI) and bagged two gold category awards at regional level (south) for QCC and excellence level awards at the national level in the automotive battery business.

The Company won third position in "National award for Excellence in Cost Management" for the year 2011 under 'Private-Manufacturing-Organisation-Large' from The Institute of Cost Accountants of India.

The Company's Amaron® "Life Saver" media commercial has won Silver Medal under 'Automotive Vehicles and Accessories' category in the Creative ABBY Award - 2012.

Directors

In accordance with the provisions of Section 256(1) of the Companies Act, 1956 and Article 105(a) of the Articles of Association of the Company, Dr. Ramachandra N Galla and Mr. N. Sri Vishnu Raju, directors are liable to retire by rotation at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Mr. Jorge A Gonzalez resigned from the board with effect from May 28, 2012 and Mr. Craig W Rigby was appointed as a director to fill the casual vacancy caused by the resignation of Mr. Jorge A Gonzalez, with effect from May 28, 2012.

Mr. Raymond J Brown was appointed as an additional director (independent) with effect from May 28, 2012 and will hold office upto the date of the ensuing annual general meeting.

The board wishes to place on record their appreciation and acknowledgement for the valuable services rendered by Mr. Jorge A Gonzalez, the outgoing director, during his tenure as director of the Company.

Auditors

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

The Central Government has approved the appointment of Mr.A.V.N.S. Nageswara Rao, Cost Accountant as the Cost Auditor for the financial year 2011-12. The cost audit report will be filed within 180 days from the close of financial year.

In respect of previous financial year 2010-11, the cost audit report from Mr. A.V.N.S. Nageswara Rao, Cost Accountant was filed on September 20, 2011 within due date of September 27, 2011.

Corporate governance

The Company's Corporate Governance practices have been detailed in a separate section and are annexed to and forms part of this annual report. The certificate from a practising company

secretary on the compliance of conditions of corporate governance as per clause 49 of the listing agreement is also attached as an annexure and forms part of this report.

Management discussion and analysis

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

CEO and CFO Certification

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

Transfer to the investor education and protection fund

In terms of Section 205A read with Section 205C of the Companies Act, 1956, an amount of ₹300,107/- being unclaimed dividend pertaining to the financial year 2003-04 was transferred to the Investor Education and Protection Fund (IEPF) on October 1, 2011.

Fixed deposits

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956, during the year under review and hence there were no outstanding deposits as on March 31, 2012.

Health, safety and environmental protection

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

Industrial relations

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

Particulars of employees

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

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

Conservation of energy, technology and foreign exchange

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

Directors' responsibility statement

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

- ▶ In the preparation of the statement of profit & loss for the financial year ended March 31, 2012 and the balance sheet as at that date ("financial statements"), applicable accounting standards have been followed;

- ▶ Appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- ▶ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations. In weighing the assurance provided by any such system of internal controls its inherent limitations should be recognised. These systems are reviewed and updated on an 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;
- ▶ The financial statements have been prepared on a going concern basis.

Acknowledgement

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

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

On behalf of the Board

Place: Hyderabad
Date: May 28, 2012

Dr. Ramachandra N Galla
Chairman

Annexure to Directors' report

Particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the directors' report:

A. Particulars of conservation of energy

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

Form A

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

A	Power and Fuel consumption	2011-12	2010-11
1	Electricity		
	(a) Purchased		
	Unit (KWH)	124,444,616	113,245,786
	Total cost (₹)	466,496,327	373,433,692
	Rate / Unit (₹)	3.75	3.30
	(b) Own generation		
	(i) Through diesel generator		
	Unit (KWH)	61,376	703,429
	KWH per unit of fuel	4.19	2.47
	Cost/Unit (₹)	10.16	15.51
	(ii) Through steam turbine/generator	-	-
2	Coal	-	-
3	Furnace oil	-	-
4	Others		
	(a) LPG Units (Kgs)	114,631	190,842
	Amount (₹)	6,680,633	9,902,065
	(b) Acetylene Units (Cubic Mtrs)	21,708	18,287
	Amount (₹)	3,582,796	3,085,026
	(c) Oxygen Units (Cubic Mtrs)	46,109	41,412
	Amount (₹)	985,548	897,533
B	Electricity consumed in KWH per lakh of Ampere hour produced	4,285	4,452

B. Technology Absorption Research and Development (R&D)

1. Specific areas in which Research & Engineering Development is carried out by the Company

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

- ▶ Fundamental development
- ▶ Material development
- ▶ Product and process development

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

- ▶ Development of import substitution in materials and products
- ▶ Evaluation and benchmarking of alternate technologies
- ▶ Exploration of environmental friendly operations/ materials
- ▶ Material development for enhanced battery performance and cost efficiency
- ▶ New product development for emerging applications
- ▶ Technology up-gradation to make batteries robust and deliver high performance
- ▶ Value engineering efforts for product improvement

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

- ▶ Development of two wheeler AGM battery for OE application
- ▶ Development of Hybrid AGM battery for DG starter application
- ▶ Developed and customised bottom hold down container to cater to specific export markets
- ▶ Adopted cost effective and efficient packing method for automotive OEM batteries

- ▶ Deployed new formulations that significantly improved the flame retardant performance of plastics
- ▶ Improved terminal design in GR29H battery to enhance performance in truck and tractor applications
- ▶ Optimised material cost in large VRLA battery variants
- ▶ Introduced new packing method for railway products to enhance the vehicle loading factor
- ▶ Launched high performance PowerZone™ two wheeler batteries to cater to rural market
- ▶ Launched long life sub-300Ah range of batteries for telecom application
- ▶ Studied suitability of various advanced energy storage technologies for telecom application
- ▶ Introduced few more automotive battery variants to meet specific requirements in automotive OEM /Aftermarket /Export/Private Label segments.

3. Future Plan of Action

- ▶ Develop FR formulations that are environmental friendly and ROHS compliant.
- ▶ Expand Quanta® range to meet growing UPS needs
- ▶ Develop batteries for Start Stop application with specific focus on appropriate lead acid battery technology
- ▶ Introduce range of automotive products utilising efficient plate making technology
- ▶ Introduce advanced VRLA batteries to address challenging operating conditions in telecom installations in power deficit locations
- ▶ Launch new range of zero maintenance automotive batteries for aftermarket application
- ▶ Introduce range of VRLA 2-wheeler batteries for OEMs
- ▶ Work on curing and formation technologies that are energy efficient.

4. Expenditure on R&D (Capital & Recurring)

₹ Million

S.No	Particulars	2011-12	2010-11
1	Capital	19.25	3.46
2	Recurring	24.59	19.55
	Total	43.84	23.01
	Total R&D expenditure as percentage of total turnover	0.17%	0.12%

C. Technology absorption, adaptation and innovation

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

- ▶ Bunch curing technology study for LVRLA plates (under adaptation)
- ▶ Improved terminal design in GR29H battery to enhance battery performance in truck and tractor applications
- ▶ Studied suitability of advanced energy storage technologies for telecom application

2. Benefits derived as a result of the above efforts

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

Information regarding Imported Technology

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

D. Foreign exchange earnings and outgo

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans

During the year, sizeable exports were made to African countries and successful inroads were made into Bangladesh and Sri Lanka

markets in Industrial battery business. Range of Automotive batteries under Amaron® brand are well accepted in various countries across the Indian Ocean Rim, spanning South-East Asia, Middle-East Asia and Africa. The exports grew by 40% in value this year and the Company continues its initiative to widen export markets by enrolling more distributors and expanding footprint in new markets.

2. Total Foreign exchange used and earned

₹ Million

S.No	Particulars	2011-12	2010-11
1	Foreign exchange used	7,281	5,287
2	Foreign exchange earned - exports	1,170	834

On behalf of the Board

Place: Hyderabad

Date: May 28, 2012

Dr. Ramachandra N Galla
Chairman

Report on **Corporate** Governance

for the year 2011-12

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

Company's Philosophy on Corporate Governance

Corporate Governance is a set of systems and practices to ensure 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.

Amara Raja Batteries Limited (Amara Raja/ 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 and high levels of integrity in decision making with an objective to enhance the value to the stakeholders. This is demonstrated in shareholders returns, high credit ratings, performance focused work environment and high quality products at competitive prices.

Board of Directors

i) The Company has an optimum combination of executive and non-executive directors in accordance with the provisions of clause 49 I (A) of the listing agreement. As on March 31, 2012 the Company has eight Directors with a Non-Executive Chairman and an Executive Director. Of the eight Directors seven (i.e., 87.50%) are Non-Executive Directors. The composition of the Board is in conformity with Clause 49 of the listing agreement entered into with the Stock Exchanges. At the board meeting held on May 28, 2012, the board inducted an Independent, Non-Executive Director, taking the

total number of directors to nine as on date of this report.

- ii) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the board, thereby ensuring best interest of stakeholders and the Company. All the Directors except the Managing Director are liable to retire by rotation and are eligible for re-appointment.
- iii) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees across all the public limited companies in which they are Directors. Necessary disclosures regarding Committee positions and directorships held in other public limited companies as on March 31, 2012 have been made by the Directors and taken on record by the Board of Directors.
- iv) The Independent Directors have confirmed that they satisfy the "criteria of independence" as stipulated in Clause 49 of the Listing Agreement.
- v) During the financial year 2011-12, the Board of Directors met five times. The gap between any two board meetings was less than four months. The dates on which the meetings of the board were held during the year are as follows:

April 6, 2011, May 16, 2011, August 13, 2011, November 14, 2011 and February 13, 2012.

The necessary quorum was present in all the meetings.

vi) The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies as on March 31, 2012 are given herein below:

Sl No.	Name of the Director	Category	Number of Board Meetings during the year 2011-12		Whether attended last AGM held on August 13, 2011	Number of Directorships in other public companies#	Number of committee positions held in other public companies ##	
			Held	Attended			Chairman	Member
1.	Dr. Ramachandra N Galla\$ DIN : 00133761	Promoter/ Non-Executive Chairman	5	5	Yes	5	Nil	1
2.	Mr. Jayadev Galla\$ DIN : 00143610	Promoter/ Managing Director	5	5	Yes	4	Nil	3
3.	Mr. Jorge A Gonzalez* DIN : 02814565	Non-Executive Director	5	3	No	Nil	Nil	Nil
4.	Mr. Shu Qing Yang* DIN : 01916660	Non-Executive Director	5	5	Yes	Nil	Nil	Nil
5.	Mr. P Lakshmana Rao DIN : 01463507	Independent, Non-Executive Director	5	4	Yes	Nil	Nil	Nil
6.	Mr. Nagarjun Valluripalli DIN : 00034389	Independent, Non-Executive Director	5	4	No	1	Nil	Nil
7.	Mr. N Sri Vishnu Raju DIN : 00025063	Independent, Non-Executive Director	5	5	Yes	3	Nil	Nil
8.	Mr. T.R.Narayanaswamy DIN : 01143563	Independent, Non-Executive Director	5	4	Yes	1	Nil	Nil

Directorships held by directors in other companies does not include any alternate directorship, directorship in foreign companies, companies under Section 25 of Companies Act, 1956 and private limited companies.

As per clause 49 of the Listing Agreement, Chairmanship/membership of board committee includes only audit committee and shareholders'/investors' grievance committee of public limited companies.

\$ No director is related to any other director on the board, except Dr. Ramachandra N Galla and Mr. Jayadev Galla who are father and son respectively.

* Nominee directors of Johnson Controls Inc., (Persons acting in concert).

vii) During the year 2011-12, information as mentioned in Annexure 1A to Clause 49 of the listing agreement such as annual operating plans and budgets, results of the Company, materially important litigations, related party transactions and such other information as and when applicable has been placed before the Board for its consideration.

viii) None of the Independent Non-Executive Directors have any pecuniary relationship or transactions with the Company.

Board Committees

The composition, scope, terms of reference and details of the mandatory and non-mandatory committees are given as under:

A. Audit Committee

The Audit Committee was constituted in accordance with Section 292A of the Companies Act, 1956 and as per the provisions of clause 49 of the listing agreement.

i. Overall purpose/objective

The role of the Audit Committee (the "committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the stakeholders and others, reviewing the system of internal controls which the management and the board established, appointing, retaining and reviewing the performance of statutory auditors and overseeing the Company's accounting and financial reporting processes and the review of the Company's financial statements.

ii. Terms of reference of audit committee

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 read with clause 49(II) of the listing agreement entered with the stock exchanges and these broadly includes overseeing the financial reporting process, review the quarterly, half-

yearly, annual financial statements, significant related party transactions, review, discussion and interaction with statutory auditors, internal auditors and cost auditors, review the internal control systems, etc.

- iii. The previous Annual General Meeting of the Company held on August 13, 2011 was attended by Mr. P. Lakshmana Rao, Chairman of the Audit Committee.
- iv. The chief financial officer, statutory auditors, internal auditors and cost auditor are invited to attend the Audit Committee meetings. The Company Secretary acts as the secretary to the Audit Committee.
- v. The Audit Committee comprises of Independent Directors who are financially literate and have experience in the areas of finance and accounts. During the financial year 2011-12, four meetings of the Audit Committee were held on May 16, 2011, August 13, 2011, November 14, 2011 and February 13, 2012. The necessary quorum was present in all the meetings.
- vi. The composition of the Audit Committee and details of meetings attended by its members are given below:

S. No.	Name	Category	Number of meetings held during the year 2011-12	
			Held	Attended
1.	Mr. P. Lakshmana Rao, Chairman	Independent, Non-Executive	4	3
2.	Mr. Nagarjun Valluripalli, Vice Chairman	Independent, Non-Executive	4	3
3.	Mr. N. Sri Vishnu Raju	Independent, Non-Executive	4	4
4.	Mr. T.R.Narayanaswamy	Independent, Non-Executive	4	3

B. Shareholders' / Investors' Grievance Committee

i. Terms of reference

A Shareholders'/Investors' Grievance Committee of the Board of Directors was constituted to specifically look after the redressal of complaints of shareholder's'/ investor's viz. transfer/ transmission of shares, issue of duplicate share certificates, non receipt of dividend/annual report/notices, etc.

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

- ii. During the financial year 2011-12, four meetings of the Committee were held on May 16, 2011, August 13, 2011, November 14, 2011 and February 13, 2012. The necessary quorum was present in all the meetings. The composition

of the Shareholders'/Investors' Grievance Committee and details of meetings attended by its members are given below:

S. No.	Name	Category	Number of meetings held during the year 2011-12	
			Held	Attended
1	Mr. P. Lakshmana Rao, Chairman	Independent, Non-Executive	4	3
2	Dr. Ramachandra N Galla	Non Independent, Non-Executive	4	4
3	Mr. Jayadev Galla	Non Independent, Executive	4	4

- iii. The Shareholders' / Investors' Grievance Committee has prescribed norms for attending to the shareholders requests and these norms have been complied with. The Company Secretary who is also the compliance officer of the Company

acts as secretary to the committee.

- iv. Details of investor complaints received and redressed during the year 2011-12 are as follows:

Pending at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
1	36	37	Nil

C. Remuneration Committee

i. Terms of Reference

The Remuneration Committee of the Board of Directors was constituted to review and determine the Company's policy on managerial remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the

Company's Executive/ Managing Director so as to ensure that they are fairly rewarded for their individual contributions to the Company's overall performance.

- ii. One meeting of the Remuneration Committee was held on February 15, 2012 during the financial year 2011-12 and all the members of the committee attended the said meeting. The composition of the Remuneration Committee and details of meetings attended by its members are given below:

S. No.	Name	Category	Number of meetings held during the year 2011-12	
			Held	Attended
1.	Mr. P. Lakshmana Rao, Chairman	Independent, Non-Executive	1	1
2.	Mr. Nagarjun Valluripalli	Independent, Non-Executive	1	1
3.	Mr. T.R.Narayanaswamy	Independent, Non-Executive	1	1

iii. Remuneration Policy

The remuneration paid to Managing Director is recommended by the remuneration committee and approved by the board of directors, subject to the approval by the shareholders at the general meeting and such other authorities, as required.

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 remuneration structure of executive/managing director comprises of basic salary,

commission, perquisites and allowances, contribution to provident fund and other funds.

iv. Remuneration paid to Managing Director

Mr. Jayadev Galla, was re-appointed as the Managing Director of the Company for a period of five years with effect from September 01, 2010 to August 31, 2015. The Company has a service contract with Mr. Jayadev Galla for the said period with notice period of three months and no severance compensation is payable. The following is the remuneration paid / payable for the financial year ended March 31, 2012:

₹ Million

Name /designation	Salary	Contribution to provident fund	Value of perquisites	Commission*
Mr. Jayadev Galla, Managing Director	24.00	0.01	2.00	147.62

*The commission will be paid upon approval of the accounts at the ensuing Annual General Meeting held on August 14, 2012.

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

The Board of Directors at their meeting held on August 13, 2011 increased the sitting fees payable to the Non-Executive Directors (other than Galla Family members and nominees of Johnson Control Inc.) for attending the board meetings from ₹10,000 /- to ₹20,000/- effective from that meeting i.e. August 13, 2011 onwards and the sitting fees for the other committees viz. Audit Committee, Shareholders'/ Investors' Grievances Committee, Remuneration Committee and Loan and Investment Committee was increased from ₹5,000/- to ₹10,000/- effective from the subsequent meetings.

Sitting fees paid to non-executive directors during the financial year 2011-12 are as follows:

₹ million

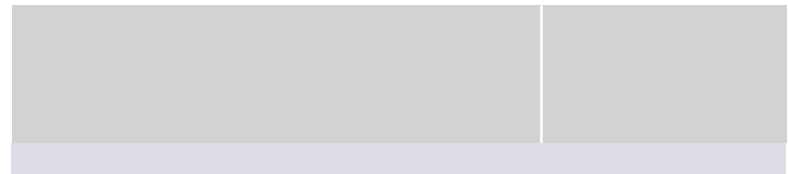
Name	Sitting Fees paid
Mr. P. Lakshmana Rao	0.11
Mr. Nagarjun Valluripalli	0.10
Mr. N. Sri Vishnu Raju	0.12
Mr. T.R.Narayanaswamy	0.09

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

The remuneration by way of commission not exceeding 4% per annum of the net profits of the Company for each year calculated as per the provisions of the Companies Act, 1956 to non-executive directors was approved by the board of directors; the shareholders at the 25th annual general meeting and by the Central Government, Ministry of Corporate Affairs (MCA), New Delhi vide their letter No. SRN A94887429/1/2010-CL-VII dated January 31, 2011 (valid from September 1, 2010 to August 31, 2015).

The approval includes 3% commission on net profits payable to Dr. Ramachandra N Galla, Non-Executive Chairman and payment to all other independent non-executive directors put together at a rate not exceeding 1% of the net profits of the Company and in such sum and proportion as the board may decide from time to time.

In terms of the above approval, an amount of ₹104.18 million will be paid to Dr. Ramachandra N Galla, Non-Executive Chairman as commission for the financial year 2011-12 upon approval of the accounts at the ensuing



Annual General Meeting held on August 14, 2012. The Board has not considered the payment of commission to independent non-executive directors and as such no commission was paid to them during the financial year 2011-12.

vii. Details of shares held by the directors as on March 31, 2012

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

No other director except as stated above hold any shares in the Company. The Company has not issued any convertible instruments as on March 31, 2012.

viii. The Company does not have any Stock Options Scheme.

General Body Meeting(s)

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

For the year	Venue	Day and date	Time	Whether any Special Resolution was passed
2011	Registered Office:	Saturday, August 13, 2011	3.00 P.M.	Nil
2010	Renigunta-Cuddapah Road Karakambadi Tirupati – 517 520	Thursday, July 29, 2010	3.00 P.M.	Yes. Payment of commission to non-executive chairman and non-executive independent directors.
2009	Andhra Pradesh, India	Thursday, July 30, 2009	3.00 P.M.	Nil

i. The Company has not passed any resolution through postal ballot during the financial year 2011-12. There is no resolution proposed to be passed by means of postal ballot in this annual general meeting.

Disclosures

i. Disclosure of related party transactions

During the financial year 2011-12 the Company has not entered into materially significant transactions with related parties, directors/ promoters/ management which had potential conflict with the interests of the Company at large.

The disclosures with regard to transactions with related parties are given in the Notes forming part of the audited financial statements for the financial year ended March 31, 2012. All related party transactions are negotiated at arm's length basis and are only intended to further the interest of the Company. The board has received disclosures from senior management personnel relating to material, financial and commercial transactions stating that neither they nor their relative have any personal interest.

The Company also places before the audit committee and board at every meeting the details of all transactions with

related parties/companies promoted by the Galla family for its approval/ratification.

ii. Details of Non Compliance by the Company

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

iii. Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, have been set out in the Notes forming part of the audited financial statements for the financial year ended March 31, 2012.

iv. Whistle Blower Policy

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

v. Board Disclosures

a. Risk Management

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

A broad framework for minimising the risks faced by the Company by adopting a risk management policy for commodity and currency has been formed by the Company.

b. Internal Control System

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

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

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 major observations from time to time.

vi. Details of compliance with mandatory and non-mandatory requirements of clause 49 of listing agreement

The Company has complied with all the mandatory requirements of clause 49 of the listing agreement. As per the non-mandatory requirements, the Company has set up a remuneration committee. The details of such committee have been enumerated earlier in this report. The other non-mandatory requirements have not been adopted by the Company till date.

CEO/CFO Certification

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

Code of Conduct

The Code of Conduct as required by clause 49 of the Listing Agreement and adopted by the Board is a comprehensive code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of



interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the directors and the senior management personnel of the Company. The Code of Conduct has been posted on the website of the Company. An annual affirmation of compliance of the code has been obtained from all the Board members and the senior management personnel of the Company as on March 31, 2012.

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

Declaration on Code of Conduct

I, Jayadev Galla, Managing Director, hereby confirm that the Board members and Senior Management Personnel have affirmed compliance with Amara Raja's "Code of Conduct" for the financial year 2011-12.

Place: Hyderabad

Jayadev Galla

Date: May 28, 2012

Managing Director

Policy for prevention of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 the Board has laid down "code of conduct for prevention of insider trading" with the objective of preventing purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this code, Insiders (Directors, officers and designated employees) are prevented from dealing in the Company's shares during the closure of Trading Window.

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

Means of Communication

The Company intimates its quarterly, half yearly unaudited financial results and the annual audited financial results to the National Stock Exchange of India Limited and BSE Limited, as soon as the same are taken on record/approved by the Board. These financial results are published in Business Standard and Business Line in English, Andhra Jyothi and Eenadu in Telugu. The notices to shareholders viz. book closure, issue of duplicate share certificate etc. are normally published in Business Line (English) and Andhra Jyothi (Telugu). The financial results and press releases are posted on Company's website www.amararaja.co.in.

The Annual General Meeting is the principal forum for face to face communication with shareholders, where the Board responds to the specific queries of the shareholders.

General Shareholder Information

1. Annual General Meeting

Date & Time	: August 14, 2012 at 2.55 PM
Venue	: At the Registered Office of the Company Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati, Andhra Pradesh.

2. Financial year : April 1 to March 31

3. Financial calendar

Financial results for the quarter ending June 30, 2012	: July/August 2012
Financial results for the quarter ending September 30, 2012	: October/November 2012
Financial results for the quarter ending December 31, 2012	: January/February 2013
Financial results for the year ending March 31, 2013	: May 2013
Annual General Meeting	: July/August 2013

The above dates are indicative and are subject to change based on availability of directors for the board meetings.

4. Date(s) of book closure : Tuesday, August 07, 2012 to Tuesday, August 14, 2012 (both days inclusive)

5. Proposed Dividend : ₹3.78 (189%) per equity share of ₹2/- each

6. Dividend Payment Date : On or before August 31, 2012

7. E-mail id for investor grievances : investorservices@amararaja.co.in

8. Listing on stock exchanges and Stock Code

Name of the Stock Exchange	Stock Code
National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051	AMARAJABAT
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai - 400 001	500008

The Company paid the listing fees of both the stock exchanges for the financial year 2012-13. The Corporate Identity Number (CIN) of the Company is L31402AP1985PLC005305.

9. Market Price Data

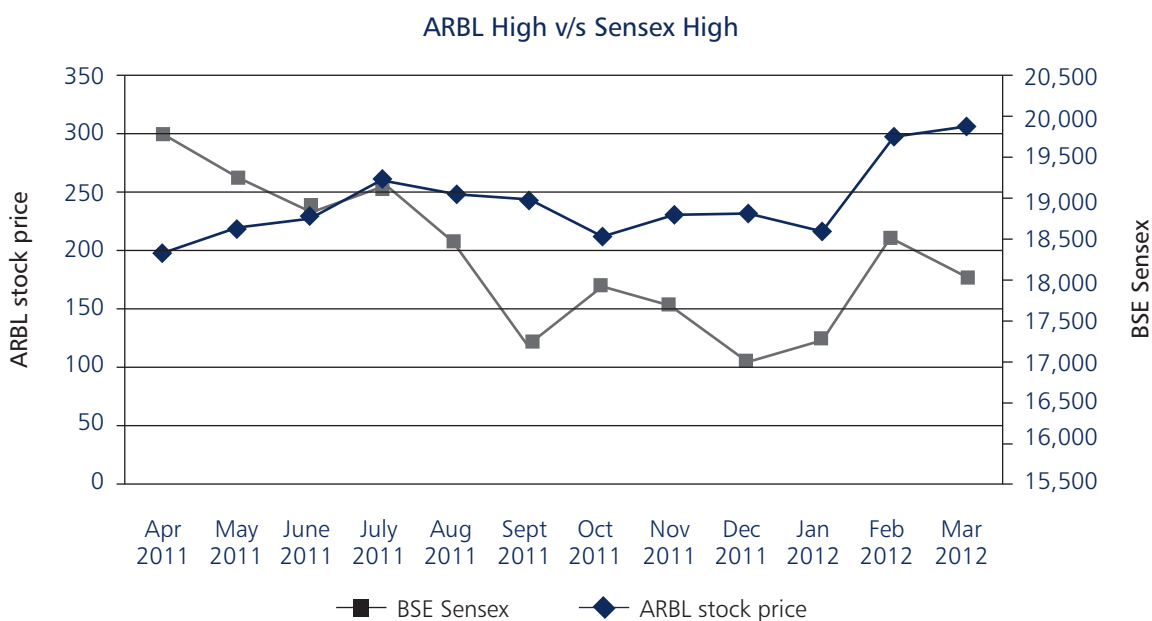
High, Low prices and number of shares traded during each month in the financial year 2011-12 on NSE and BSE are given herein below:

Month	National Stock Exchange of India Limited			BSE Limited		
	High (₹)	Low (₹)	Total number of shares traded	High (₹)	Low (₹)	Total number of shares traded
April 2011	196.90	179.25	626,363	198.00	180.00	98,091
May 2011	221.00	181.75	1,821,425	219.95	182.00	341,009
June 2011	231.80	202.00	953,144	231.00	202.00	364,118
July 2011	261.95	222.75	1,529,946	262.15	223.60	764,299
August 2011	261.60	225.00	1,197,627	248.40	224.30	214,625
September 2011	244.00	201.50	1,056,345	243.00	200.50	233,436
October 2011	218.00	191.60	752,048	214.70	202.00	141,900
November 2011	239.00	203.00	1,153,416	229.60	202.90	224,871
December 2011	225.90	190.00	1,091,215	231.30	179.00	703,791
January 2012	217.50	201.05	886,161	217.75	190.10	94,249
February 2012	299.15	216.25	2,343,339	299.00	218.65	556,065
March 2012	305.30	261.00	916,962	304.70	256.00	162,886

Source: NSE & BSE websites

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

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



11. Performance of the Company's share price as at the beginning and end of the financial year 2011-12

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

₹.

Name of the Stock Exchange	NSE Close Price	BSE Close Price
Price as on April 1, 2011	188.40	188.65
Price as on March 31, 2012	293.05	292.80
Change in Value	104.65	104.15
% Change	55.55	55.21

As per the closing price of the Company's share on NSE, the market capitalisation increased from ₹16,097 million as on April 1, 2011 to ₹25,028 million as on March 31, 2012.

12. Registrar and Share Transfer Agents

M/s. Cameo Corporate Services Limited is the Registrar and Share Transfer Agents (RTA) of the Company. Any request pertaining to investor relations may be addressed to the following address:

M/s.Cameo Corporate Services Limited

Subramanian Building,
No.1, Club House Road, Chennai – 600 002
Tel: +91 44 28460390
Fax: +91 44 28460129
e-mail id: investor@cameoindia.com

13. Share Transfer System

Entire share transfer under physical segment are processed by the RTA and approved by a committee of directors called as "Share Transfer Committee".

The share transfer system consists of activities like receipt of share certificates along with transfer deed from transferee, its verification, preparation of memorandum of transfer, etc. Presently the share transfers received in physical form are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respect. For this purpose, the share transfer committee meets as often as required.

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

14. Shareholding Pattern and distribution schedule as on March 31, 2012

Shareholding Pattern

Category	No. of Shares	% of shareholding
Promoters	44,463,726	52.06
Mutual Funds & UTI	16,770,901	19.64
Banks/Financial Institutions	10,500	0.01
Foreign Institutional Investors/NRI's	10,072,389	11.79
Corporate Bodies	2,306,310	2.70
Trusts	152,503	0.18
Others#	11,629,921	13.62
Total	85,406,250	100.00

#Others include the unclaimed equity shares of 212,500 transferred to Amara Raja Batteries Limited – Unclaimed suspense account as per Clause 5A(II) of the listing agreement entered with Stock Exchanges.

Distribution Schedule

No. of equity shares held	No. of shareholders	Percentage (%)	No. of shares	Percentage (%)
Upto 100	8,123	49.27	340,058	0.40
101-500	3,930	23.84	1,034,033	1.21
501-1000	2,560	15.53	1,920,052	2.25
1001-2000	948	5.75	1,414,322	1.66
2001-3000	323	1.96	815,539	0.95
3001-4000	160	0.97	588,056	0.69
4001-5000	67	0.41	310,366	0.36
5001-10000	140	0.85	1,010,460	1.18
Above 10000	234	1.42	77,973,364	91.30
Total	16,485	100.00	85,406,250	100.00

15. Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are regularly traded on the National Stock Exchange of India Limited and BSE Limited and the ISIN No. allotted to the equity shares of the Company under Depository System is INE885A01024. The Company paid the Annual Custody/Issuer fees to both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the financial year 2012-13.

In compliance with Securities Exchange Board of India (SEBI) Circular nos D&CC/FITTC/CIR-16/2002 and CIR/MRD/DP/30/2010 dated December 31, 2012 and September 6, 2010 respectively the Company engaged M/s. Sridharan & Associates, Practising

Company Secretaries for reconciliation of share capital audit on a quarterly basis. The audit has confirmed that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

As on March 31, 2012, 95.89% shares of the Company were held in the dematerialised form and only 4.11% shares were held in physical form. In compliance with SEBI Circular nos. CIR/ISD/3/11 and SEBI/CIR/ISD/5/11 dated June 17, 2011 and September 30, 2011, the entire shareholding of promoters (Galla family) including the shareholding of person acting in concert (JCI), constituting 52.06% of the paid-up share capital, were dematerialised.

16. Outstanding GDR/ADR/Warrants and convertible instruments	The Company has not issued any GDR/ADR/Warrants and convertible instruments
17. Plant Location and Registered Office	Renigunta- Cuddapah Road, Karakambadi -517 520 Tirupati, Andhra Pradesh, India Tel: +91 877 2265000 Fax: +91 877 2285600 e-mail id: amararaja@amararaja.co.in Website: www.amararaja.co.in
18. Corporate Operations Office	5 th Floor, Astra Towers, Hitech City, 12P, Kondapur, Hyderabad -500 038 Tel: +91 40 23683000 Fax: +91 40 23118219
19. Investor Contact	M/s. Cameo Corporate Services Limited Subramanian Building, No.1, Club House Road, Chennai – 600 002 Tel: +91 44 28460390 Fax: +91 44 28460129 e-mail id: investor@cameoindia.com
20. Name, Designation and E-mail id of Compliance Officer	Mr. N. Ramanathan Company Secretary and Compliance Officer e-mail id: ram@amararaja.co.in

21. Investors Information

a) Shareholders Referencer

A shareholders referencer guide covering various aspects such as investor services and grievance handling mechanism, recommendations of the Company to the shareholders, Dividend, unclaimed/unpaid dividend, unclaimed shares, Dematerialisation/ Rematerialisation of shares, Transfer / Transmission / Transposition /Duplicate Certificates etc, Nomination Facility, miscellaneous matters and other information is placed on the Company's website www.amararaja.co.in and shareholders are requested to refer the same.

b) Dividend

The Board of Directors at its meeting held on May 19, 2010 had adopted a dividend policy for distributing upto 15% of the profit

after tax (PAT). Accordingly, every year the Company would pay the dividend amount upto 15% of the profit after tax (PAT) to all the eligible shareholders.

c) Transfer of unclaimed dividend

During the year under review, an amount of ₹300,107/- pertaining to unpaid/unclaimed dividend for the financial year 2003-04 has been transferred to Investor Education and Protection Fund (IEPF) on October 1, 2011.

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

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

Financial Year	Dividend Type	Dividend Percentage(%)	Date of Declaration	Due Date of Transfer to IEPF
2004-05	Final	20	13.08.2005	18.09.2012
2005-06	Final	25	14.08.2006	19.09.2013
2006-07	Final	35	14.08.2007	19.09.2014
2007-08	Final	35	14.08.2008	19.09.2015
2008-09	Final	40	30.07.2009	04.09.2016
2009-10	Final	145	29.07.2010	03.09.2017
2010-11	One time special dividend	100	24.01.2011	01.03.2018
2010-11	Final	130	13.08.2011	18.09.2018

The Company has sent reminder letter dated February 28, 2012 to the eligible shareholder(s) who have not claimed their dividend for the previous years, informing them to return the unencashed dividend warrant for issuing the revalidated warrants or for obtaining duplicate warrants.

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 shall upload on the Company's website www.amararaja.co.in the 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.

All shareholders, whose dividend is unpaid/ unclaimed, are requested to refer the same on the website and lodge their claim to RTA/Company by submitting an application supported by an indemnity immediately.

Kindly note that no claim shall lie against the Company or the IEPF once the dividend amount is transferred to IEPF.

d) Equity shares in suspense account

In terms of Clause 5A (II) of the Listing Agreement, the Company has dematerialised and transferred 212,500 equity shares of the Company issued in physical form to 209 shareholders and remaining unclaimed, to the 'Amara Raja Batteries Limited - Unclaimed Suspense Account'. No shares were transferred from the suspense account to the shareholders' accounts, during the year. The voting rights on the shares outstanding in the suspense account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares.

Compliance

The certificate on compliance with conditions on Corporate Governance for the year ended March 31, 2012 dated May 22, 2012 obtained from Mr. V. Suresh, Practising Company Secretary is annexed with the Corporate Governance Report.

On behalf of the Board

Place: Hyderabad
Date: May 28, 2012

Dr. Ramachandra N Galla
Chairman

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

To
The Members
M/s. Amara Raja Batteries Limited

I have examined the compliance of the conditions of Corporate Governance by Amara Raja Batteries Limited, for the year ended March 31, 2012, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management; my examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with

the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

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

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

Place: Chennai
Date: May 22, 2012

V. Suresh
Practising Company Secretary
CP No. 6032

CEO and CFO Certification

May 28, 2012

The Board of Directors

Amara Raja Batteries Limited

Renigunta – Cuddapah Road,

Karakambadi - 517 520

Tirupati, Andhra Pradesh

Dear Sirs,

Sub: CEO and CFO Certification

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

1. We have reviewed the balance sheet, statement of profit and loss and the cash flow statement for the year ended March 31, 2012 and notes thereon, and the Directors' Report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements, and other financial information included in this report present, in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. No transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - a. designed such internal control over financial reporting, or caused such internal control over financial reporting to

be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- b. evaluated the effectiveness of the Company's disclosure, controls and procedures;
 - c. disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions)
 - a. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b. significant changes in internal controls during the year covered by this report;
 - c. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
 - d. instances of significant fraud of which we are aware, that involve management or other employees who have a significant role in the Company's internal controls system.

Jayadev Galla
Managing Director

K. Suresh
Chief Financial Officer

AUDITORS' REPORT

To

The Members of

Amara Raja Batteries Limited

We have audited the attached Balance Sheet of Amara Raja Batteries Limited as on March 31, 2012, its Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto.

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

As required by the Companies (Auditor's Report) Order, 2003 ("Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

1. We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
3. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this

report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

5. On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the statement of accounting policies and notes forming part of the financial statements, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **E. Phalguna Kumar & Co.,**
Chartered Accountants
 Firm Registration No. 002644S

For **Chevuturi Associates**
Chartered Accountants
 Firm Registration No. 000632S

E. Chaitanya
Partner
 (ICAI Memb. No: 215621)
 Place : Hyderabad
 Date : May 28, 2012

Raghunadha Rao Balineni
Partner
 (ICAI Memb. No: 28105)

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of Amara Raja Batteries Limited for the year ended March 31, 2012. We report that :

1. In respect of its fixed assets;
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) According to the information and explanations furnished to us, the Company has physically verified part of its fixed assets during the year. However, the Company has adopted a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification, which were not material, have been properly dealt with in the books of account.
 - c) According to the information and explanations furnished to us, the Company has not disposed of any substantial part of its fixed assets during the year.
2. In respect of its Inventories;
 - a) According to the information and explanations furnished to us, the Company has physically verified its inventories (excluding inventories with third parties) during the year. In respect of inventories lying with third parties, the same have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) According to the information furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. Further during the course of our audit, we have not come across any instances of major weaknesses in internal control that in our opinion, require correction.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/ arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 0.5 Million in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non compliance with the provisions of Sections 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.
9. a) According to the information furnished to us, the Company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT (Contd...)

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

Name of the Statute	Nature of the dues	Amount ₹ Million	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Additions on account of warranty expenditure	48.93	2007-08	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Sales to related parties and other matters	4.30	2002-03 to 2007-08	CESTAT
Service Tax under Finance Act, 1994	Denial of abatement on freight paid to GTAs	6.06	2005-06	CESTAT
Central Sales Tax Act, 1956 and Local Sales Tax Acts of various states	Non-submission of C/F forms and other matters	27.12	2002-03, 2004-05 to 2010-11	Appellate Authority – Upto Commissioners' level

10. According to the information and explanations furnished to us, the Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of dues to financial institutions, banks and debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations furnished to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society and hence the requirements of clause (xiii) of paragraph 4 of the Order are not applicable to the Company during the year under report.
14. According to the information furnished to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the requirements of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Hence the requirements of clause (xv) of paragraph 4 of the Order are not applicable to the Company.
16. According to the information and explanations given to us, no term loans were obtained by the Company during the year. Hence the provisions of clause (xvi) of paragraph 4 of the Order are not applicable.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company,
- we report that funds raised on short-term basis have not been used for long-term investment or other investments during the year under report.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company has not issued any debentures. Hence the clause (xix) of paragraph 4 of the Order is not applicable.
20. The Company has not raised any money through public issues during the year. Accordingly, the provisions of clause (xx) of paragraph 4 of the Order are not applicable to the Company during the year under report.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For E. Phalguna Kumar & Co.,
Chartered Accountants
Firm Registration No. 002644S

For Chevuturi Associates
Chartered Accountants
Firm Registration No. 000632S

E. Chaitanya
Partner
(ICAI Memb. No: 215621)
Place : Hyderabad
Date : May 28, 2012

Ragunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)

BALANCE SHEET

As at March 31, 2012

₹ Million

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	170.81	170.81
Reserves and surplus	3	8,063.88	6,288.46
		8,234.69	6,459.27
Non-current liabilities			
Long-term borrowings	4	784.72	701.02
Deferred tax liabilities (net)	5	219.60	204.93
Long-term provisions	6	146.18	104.17
		1,150.50	1,010.12
Current liabilities			
Short-term borrowings	7	56.04	200.10
Trade payables	8	888.50	1,053.79
Other current liabilities	9	1,124.56	967.93
Short-term provisions	6	2,060.88	1,467.99
		4,129.98	3,689.81
Total		13,515.17	11,159.20
ASSETS			
Non-current assets			
Fixed assets			
10			
Tangible assets		3,524.80	3,132.81
Intangible assets		20.92	18.06
Capital work-in-progress		310.65	369.57
Intangible assets under development		4.58	5.84
		3,860.95	3,526.28
Non-current investments	11	160.76	160.76
Long-term loans and advances	12	122.85	145.18
Other non-current assets	13	1.11	2.37
		4,145.67	3,834.59
Current assets			
Inventories	14	2,666.17	2,846.97
Trade receivables	15	3,196.83	3,056.62
Cash and bank balances	16	2,292.20	451.18
Short-term loans and advances	12	1,182.70	946.74
Other current assets	13	31.60	23.10
		9,369.50	7,324.61
Total		13,515.17	11,159.20
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **E. PHALGUNA KUMAR & CO.**
Chartered Accountants
Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
Chartered Accountants
Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya
Partner
(ICAI Memb. No: 215621)

Raghunadha Rao Balineni
Partner
(ICAI Memb. No: 28105)

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

Place : Hyderabad
Date : May 28, 2012

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2012

₹ Million

Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
REVENUE			
Sale of products		26,007.24	19,405.45
Sale of services		38.96	26.46
Other operating revenue		11.30	11.23
		26,057.50	19,443.14
Less: Excise duty		2,383.94	1,832.61
Revenue from operations	17	23,673.56	17,610.53
Other income	18	151.85	77.76
Total Revenue		23,825.41	17,688.29
EXPENSES			
Cost of materials consumed	19	14,993.38	11,787.14
Purchases of stock-in-trade	20	840.02	74.14
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	121.69	(283.14)
Employee benefits expense	21	1,002.64	884.59
Finance costs	22	40.59	30.58
Depreciation and amortisation expense	23	464.73	417.12
Other expenses	24	3,175.91	2,574.04
Total Expenses		20,638.96	15,484.47
Profit before tax		3,186.45	2,203.82
Less: Tax expense:			
Current tax		1,030.21	731.39
Deferred tax (income) / expense		14.67	(11.42)
Earlier year's (excess) / short provision		(9.06)	2.89
Profit for the year		2,150.63	1,480.96
Basic and diluted earnings per equity share -			
Par value ₹2/- per share		₹ 25.18	₹ 17.34
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **E. PHALGUNA KUMAR & CO.**
 Chartered Accountants
 Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**
 Chartered Accountants
 Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya
Partner
 (ICAI Memb. No: 215621)

Raghunadha Rao Balineni
Partner
 (ICAI Memb. No: 28105)

Dr. Ramachandra N Galla
Chairman

Jayadev Galla
Managing Director

Place : Hyderabad
 Date : May 28, 2012

K. Suresh
Chief Financial Officer

N. Ramanathan
Company Secretary

CASH FLOW STATEMENT

For the year ended March 31, 2012

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
I. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations		3,186.45		2,203.82
Add/Less: Adjustments for:				
a. Depreciation	459.92		412.53	
b. Amortisation	4.81		4.59	
c. Loss on sale of tangible fixed assets	5.63		0.13	
d. Tangible fixed assets written off	3.83		7.34	
e. Interest paid on term loans	3.01		13.93	
f. Interest paid on working capital facilities	2.65		0.59	
g. Premium on forward contracts	0.56		0.01	
h. Bad debts written off	1.52		3.54	
i. Provision for doubtful debts	66.00		4.84	
j. Exchange loss on restatement/ repayment of borrowings	8.39		0.51	
k. Provision for leave encashment	9.95		17.61	
l. Provision for gratuity	(8.40)		(2.78)	
m. Provision for warranty	216.61		157.24	
n. Dividend received	(26.10)		(43.19)	
o. Interest received on bank and other deposits	(41.05)		(9.68)	
p. Interest received against trade receivables	(45.47)		(1.57)	
q. Interest on income tax	7.79		6.11	
r. Provision for wealth tax	0.18	669.83	0.20	571.95
Operating profit before working capital changes		3,856.28		2,775.77
Add/Less: Adjustments for working capital changes				
a. Decrease/(increase) in inventories	180.80		(671.25)	
b. Decrease/(increase) in trade receivables	(207.73)		(642.05)	
c. Decrease/(increase) in loans and advances	76.65		(91.83)	
d. Increase/(decrease) in trade payables	(165.29)		158.19	
e. Increase/(decrease) in other current liabilities	240.47	124.90	108.70	(1,138.24)
Cash generated from operations		3,981.18		1,637.53
Less: 1. Income tax	1,018.18		776.18	
2. Wealth tax	0.20	1,018.38	0.13	776.31
Net cash from operating activities - A		2,962.80		861.22
II. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of tangible fixed assets		(865.81)		(517.06)
b. Purchase of intangible fixed assets		(7.67)		(1.50)
c. (Increase)/decrease in capital work in progress		58.92		(153.31)
d. (Increase)/decrease in intangible assets under development		1.26		4.80
e. Sale of tangible fixed assets		4.44		0.35
f. Interest received on bank and other deposits		41.05		9.68
g. Interest received against trade receivables		45.47		1.57
h. Dividend received		26.10		43.19
Net cash from investing activities - B		(696.24)		(612.28)

CASH FLOW STATEMENT (Contd...)

For the year ended March 31, 2012

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
III. CASH FLOW FROM FINANCING ACTIVITIES		
a. Increase/(decrease) in long-term borrowings	83.70	(28.15)
b. Increase/(decrease) in short-term borrowings	(236.29)	115.31
c. Interest paid on term loans	(3.01)	(13.93)
d. Interest paid on working capital facilities	(2.65)	(0.59)
e. Interest on Income tax	(7.79)	(6.11)
f. Premium on forward contracts	(0.56)	(0.01)
g. Dividend paid	(222.06)	(418.49)
h. Dividend tax paid	(36.88)	(70.46)
Net cash from financing activities - C	(425.54)	(422.43)
Net cash flow from all activities (A+B+C)	1,841.02	(173.49)
Opening cash and bank balances	451.18	624.67
Add: Net increase/(decrease) in cash & bank balances	1,841.02	(173.49)
Closing cash and bank balances (Refer Note No 16)	2,292.20	451.18

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

Chartered Accountants

Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**

Chartered Accountants

Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya

Partner

(ICAI Memb. No: 215621)

Raghunadha Rao Balineni

Partner

(ICAI Memb. No: 28105)

Dr. Ramachandra N Galla

Chairman

Jayadev Galla

Managing Director

Place : Hyderabad

Date : May 28, 2012

K. Suresh

Chief Financial Officer

N. Ramanathan

Company Secretary

AUDITORS' CERTIFICATE

To

The Board of Directors

Amara Raja Batteries Limited

We have examined the attached Cash Flow Statement of Amara Raja Batteries Limited, Tirupati, for the year ended March 31, 2012. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with stock exchanges and is based on and in agreement with the corresponding Statement of Profit and Loss and Balance Sheet of the Company covered by our report dated May 28, 2012 to the members of the Company.

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

Chartered Accountants

Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**

Chartered Accountants

Firm Registration No. 000632S

E. Chaitanya

Partner

(ICAI Memb. No: 215621)

Raghunadha Rao Balineni

Partner

(ICAI Memb. No: 28105)

Place: Hyderabad

Date: May 28, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note: 1. SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Amara Raja Batteries Limited ("ARBL" or "the Company"), part of the Amara Raja Group of Companies, is the second largest manufacturer of lead-acid storage batteries for industrial and automotive applications in India. The equity shares of the Company are listed in both Bombay Stock Exchange and National Stock Exchange. The Company's products are supplied to various user segments like Telecom, Railways, Power Control, UPS and Exports under Industrial Battery business; and to Automobile OEMs, Replacement Market, Private Label Customers and Exports under Automotive Battery business. The Company also provides installation & commissioning and maintenance services to its customers. The leading automotive and industrial battery brands of the Company are Amaron®, PowerZone™, Power Stack®, AmaronVolt™ and Quanta™.

2. Significant Accounting Policies

a. Basis of Preparation of Financial Statements

The Company has prepared the financial statements under historical cost convention on accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India. The financial statements are prepared to comply in all material respects with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, the pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

b. Use of Estimates

The preparation of the financial statements requires management of the Company to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities and commitments. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

The judgements, estimates and underlying assumptions are made with the management's best knowledge of the business environment and are reviewed on an ongoing basis. However, future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Fixed assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets is inclusive of freight, non-refundable duties and taxes, financial costs on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection and other incidental expenses incurred to bring the asset to its present location and condition.

Intangible assets are stated at cost of acquisition less accumulated amortisation. All costs, including financing costs on specific borrowings utilised for financing the assets, incurred till the time the asset is put to use for intended purpose are capitalised.

d. Depreciation and Amortisation

Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956 except in respect of the following, where the depreciation is charged based on their estimated useful life:

Computers - 4 Years; Office Equipment – 8 Years; Moulds – 3 Years

Individual assets costing up to ₹5,000/- each are fully depreciated in the year of purchase.

Intangible assets, comprising of expenditure on computer software, are amortised on a straight line method over a period of four years.

e. Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amounts of assets to determine whether there is any indication of impairment of assets. If any indication exists, the recoverable amount is estimated, at the higher of the realisable value and value in use, as considered appropriate. If the estimated recoverable amount is less than the carrying amount, an impairment loss is recognised in the Statement of Profit and Loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. As per the assessment conducted by the Company as at March 31, 2012, there were no indications that the fixed assets have suffered an impairment loss.

f. Borrowing Costs

Borrowing Costs, that are directly attributable to the acquisition or construction of assets, that necessarily take a substantial period of time to get ready for its intended use, are capitalised as part of the cost of qualifying asset when it is possible that

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

g. Investments

Trade investments are the investments meant to enhance the Company's interest. Investments are classified as current or non-current based on the management's intention at the time of investment. Long-term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is permanent in nature.

h. Inventories

- i) Inventories are valued at the lower of cost and net realisable value.
 - ii) In respect of raw materials, bought-out items, consumables, stores and spares, including stock-in-transit, cost is ascertained on a weighted average basis. Cost includes freight, handling charges and non-recoverable taxes and duties.
 - iii) In respect of work-in-process and finished goods, cost includes all direct costs and applicable production overheads incurred in bringing such inventories to their present location and condition. Cost of finished goods includes excise duty.
 - iv) Scrap is valued at an estimated net realisable value.
- Provision for obsolescence is made wherever necessary.

i. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Revenue from sale of products is recognised when the risks and rewards in respect of ownership are transferred to the buyer under the terms of the contract which usually coincide with the dispatch of goods to customer or when they are unconditionally appropriated under the terms of sale.
- ii) Sales include excise duty and service charges recovered and are stated net of trade discounts, allowances and sales returns.
- iii) Revenue from sale of services is booked based on agreements/arrangements with the concerned parties.
- iv) Interest on investments and deposits is booked on a time proportion basis taking into account the amounts invested and the rate of interest.
- v) Dividend income is accounted for in the year in which the right to receive the payment is established.

j. Employee Benefits

I) Defined Contribution Plans

- i) Company's contribution to Employees Provident Fund and Employees State Insurance are made under a defined contribution plan, and are accounted for at actual cost in the year of accrual.
- ii) Company's contribution to Superannuation Fund in respect of employees who are members are made under a defined contribution plan, being administered by the Life Insurance Corporation of India and are recognised in the Statement of Profit and Loss at predetermined rates in the year in which the employees have rendered service.

II) Defined Benefit Plans

- i) Company's liability to Gratuity to eligible employees at retirement, death, incapacitation or termination of employment is funded and is being administered by the Life Insurance Corporation of India. Cost of providing these benefits is determined on the basis of actuarial valuation at the end of each financial year and the incremental expense thereon is recognised in the Statement of Profit and Loss in the year in which the employee has rendered service.
- ii) Expenses on account of unutilised leave which is unfunded is arrived at as per actuarial valuation and is recognised in the Statement of Profit and Loss in the year in which the employee has rendered service in lieu of such leave.
- iii) Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the year in which they arise.

k. Research and Development Expenses

Capital expenditure on Research and Development is classified under tangible/intangible assets and depreciated in accordance with the Company's policy mentioned above.

Research costs are charged to revenue as and when incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the capitalisation criteria are met. Other development costs are recognised in the Statement of Profit and Loss as and when incurred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Development expenditure as capitalised above is amortised over the estimated period of useful life or economic benefits not exceeding ten years.

I. Foreign Currency Transactions

- i) The reporting currency of the Company is Indian Rupee.
- ii) Transactions in foreign currency are initially recorded in the reporting currency at the exchange rate prevailing on the date of transaction, and charged or credited to revenue with the difference in the rate of exchange arising on actual receipt/payment during the year.
- iii) At each Balance Sheet date
 - Foreign currency monetary items are reported using the rate of exchange on that date.
 - Foreign currency non-monetary items are reported using the exchange rate at which they were initially recognised.
- iv) In respect of forward exchange contracts in the nature of hedges
 - Premium or discount on the contract is amortised over the term of the contract.
 - Exchange differences on the contract are recognised as profit or loss in the period in which they arise.
- v) In respect of commodity hedging
 - The realised gain or loss in respect of commodity hedging contracts, the price period of which has expired during the year, is recognised in the Statement of Profit and Loss.
 - In respect of contracts, which are outstanding as on the date of Balance Sheet are valued at prevailing market price and the resultant gain/loss, if any, is recognised in the Statement of Profit and Loss.

m. Income Taxes

Income tax expense comprises current tax and deferred tax.

- i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.
- ii) Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods, at the rate of tax enacted or substantively enacted by the Balance Sheet date.
- iii) Deferred tax assets arising on account of brought forward losses and unabsorbed depreciation are recognised only when there is virtual certainty supported by convincing evidence that such assets will be realised in future period. Deferred tax assets arising on other temporary timing differences are recognised only if there is a reasonable certainty of their realisation.

n. Provisions, Contingent Liabilities and Contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. The Company does not recognise contingent liabilities but the same are disclosed in the Notes.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

o. Product Warranties

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 and quantum of warranty claims; and management's estimate regarding possible future incidence based on corrective actions against product failures. The cost of warranty includes the applicable taxes and duties like excise duty and also the best estimate of relevant freight expenses. The timing of outflows will vary based on the actual warranty claims. Provision is also recognised for product warranties in respect of claims received and remaining unsettled as at the date of Balance Sheet.

p. Late Delivery Charges

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

q. Dividends

Provision for dividends payable, including income tax thereon, is recognised in the books of account as proposed by the Board of Directors, pending approval of shareholders at the Annual General Meeting.

r. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, including cheques on hand. The Company considers all highly liquid investments, which are readily convertible into cash, to be cash equivalents.

s. Leases

The Leases where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss as per the applicable lease terms.

t. Segment Reporting

The Company is engaged in the business of manufacture and sale of lead acid storage batteries. This, in the context of Accounting Standard 17 on Segment Reporting, as specified in the Companies (Accounting Standards) Rules, 2006, is considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. Geographical Segment.

Note: 2. SHARE CAPITAL

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
Equity share capital		
Authorised		
100,000,000 Equity shares of ₹ 2/- each	200.00	200.00
Issued		
87,514,250 Equity shares of ₹ 2/- each	175.03	175.03
Subscribed and paid up		
85,406,250 Equity shares of ₹ 2/- each	170.81	170.81
Total	170.81	170.81

a) Reconciliation of the shares outstanding at the beginning and end of the Year

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	₹ Million	No. of shares	₹ Million
Equity share capital				
Shares outstanding at the beginning of the year	85,406,250	170.81	85,406,250	170.81
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	85,406,250	170.81	85,406,250	170.81

b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2/- each. Each holder of equity share is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the holder of equity share will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of shareholders holding more than 5% of share capital

Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of shares held	% of holding	No. of shares held	% of holding
Dr Ramachandra N Galla	6,397,537	7.49	6,397,537	7.49
Sri Jayadev Galla	6,410,992	7.51	6,410,992	7.51
Johnson Controls (Mauritius) Private Limited	22,205,625	26.00	22,205,625	26.00

d) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

During the financial year 2008-09 the Company has allotted 28,468,750 equity shares as fully paid-up bonus shares by capitalising part of general reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 3. RESERVES AND SURPLUS

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
Capital reserve	0.01	0.01
Securities premium reserve	311.86	311.86
General reserve		
Opening balance	1,315.50	1,167.41
Add: Additions during the year	215.06	148.09
Closing balance	1,530.56	1,315.50
Surplus		
Opening balance	4,661.09	3,786.34
Add: Additions during the year	2,150.63	1,480.96
Amount available for appropriation	6,811.72	5,267.30
Less: Appropriations		
Transfer to general reserve	215.06	148.09
Interim dividend [amount per share ₹ Nil (PY ₹ 2/-)]	-	170.81
Dividend tax on interim dividend	-	28.37
Proposed final dividend [amount per share ₹ 3.78 (PY ₹ 2.60)]	322.84	222.06
Dividend tax on proposed final dividend	52.37	36.88
Closing balance	6,221.45	4,661.09
Total	8,063.88	6,288.46

Note: 4. LONG TERM BORROWINGS

₹ Million

Particulars	Non-current portion		Current maturities	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Term loan - Bank				
Foreign currency term loan from BNP Paribas (Secured)	-	-	-	89.44
Deferred payment liabilities				
Interest free sales tax deferment (Unsecured)	784.72	701.02	14.60	9.00
Total	784.72	701.02	14.60	98.44

a) Interest free sales tax deferment

The Company has availed interest free sales tax deferment under Andhra Pradesh sales tax deferment scheme (Target 2000) from the financial year 1997-98 as per the eligibility norms in respect of expanded capacities. The Company has availed total deferment of ₹ 811.40 Million since March, 1998, which is repayable after a period of 14 years from the date of first availment.

- Eligible amount of interest free sales tax deferment - ₹ 813.33 Million
- Period eligible for availment - Jan, 1998 till Sep, 2015

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
A. Total deferment availed since March, 1998	811.40	713.10
Less: Repayments	12.08	3.08
B. Outstanding deferred payment liability	799.32	710.02
Liability to be repaid in next 12 months	14.60	9.00
Balance liability	784.72	701.02

b) Foreign currency term loan from BNP Paribas

The Company's fixed assets both movable and immovable, were placed as security by way of first charge for the term loan obtained in foreign currency from BNP Paribas. The Company has repaid the loan in full during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 5. DEFERRED TAX LIABILITIES (NET)

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
As per previous year Balance Sheet	204.93	216.35
Add/(Less): Liability / (Asset) for the year	14.67	(11.42)
Total	219.60	204.93

a) Major components of deferred tax assets and liabilities as at the end of the year arising on timing differences

₹ Million

Particulars	As at March 31, 2012		As at March 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Depreciation	-	263.37	-	235.57
Amounts disallowed under Section 43B of the Income Tax Act, 1961	20.13	-	20.92	-
Others	23.64	-	9.72	-
Total	43.77	263.37	30.64	235.57

Note: 6. PROVISIONS

₹ Million

Particulars	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Employee benefits				
a) Gratuity	42.65	38.04	11.90	11.56
Less: Fund with LIC of India	39.67	26.66	11.90	11.56
	2.98	11.38	-	-
b) Leave encashment (Unfunded)	52.84	43.57	4.24	3.56
Others				
a) Income tax	-	-	1,038.00	737.50
b) Wealth tax	-	-	0.17	0.20
c) Proposed dividend	-	-	322.84	222.06
d) Dividend tax	-	-	52.37	36.88
e) Warranty	90.36	49.22	643.26	467.79
Total	146.18	104.17	2,060.88	1,467.99

a) Disclosure required by AS - 15 (revised) - Employee benefits

Reconciliation of present value of defined benefits obligations

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Present value of obligations at year beginning	49.60	47.13	40.43	29.52
Interest cost	3.97	3.61	3.23	2.23
Service cost	7.57	25.57	5.35	21.32
Benefits paid	(2.07)	(4.07)	(2.09)	(3.38)
Actuarial (gain)/loss	(4.52)	(15.16)	2.68	(2.56)
Present value of obligations at year end	54.55	57.08	49.60	47.13

Expenses recognised in the Statement of Profit and Loss

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Interest cost	3.97	3.61	3.23	2.23
Service cost	7.57	25.57	5.35	21.32
Actual return	(3.52)	-	(2.47)	-
Actuarial (gain)/loss	(4.52)	(15.16)	2.68	(2.56)
Total Cost	3.50	14.02	8.79	20.99

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 6. PROVISIONS (Contd...)

Reconciliation of fair value of plan assets

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Fair value of plan assets at year beginning	38.22	-	26.27	-
Actual return	3.52	-	2.47	-
Contribution by employer	11.90	-	11.57	-
Benefits paid	(2.07)	-	(2.09)	-
Fair value of plan assets at year end	51.57	-	38.22	-
Present value of unfunded obligations	2.98	57.08	11.38	47.13
Net liability recognised in the Balance Sheet	2.98	57.08	11.38	47.13

Actuarial assumptions

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Salary	Gratuity	Leave Salary
a) Discount rate	8.00%	8.00%	8.00%	8.00%
b) Attrition rate (for gratuity qualifiers)	4.00%	4.00%	4.00%	4.00%
c) Salary escalation rate per unit	7.00%	10.00%	7.00%	10.00%
d) Expected return	9.22%	-	9.40%	-

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

b) Details of provision for warranty expense

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening balance	517.01	359.77
Provision made during the year	684.40	489.32
Withdrawn/reversed during the year	467.79	332.08
Closing balance	733.62	517.01

Note: 7. SHORT TERM BORROWINGS

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
Loans repayable on demand		
Cash credit from banks (Secured)		
State Bank of India	16.73	48.45
State Bank of Hyderabad	39.31	137.81
Andhra Bank	-	13.84
Total	56.04	200.10

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

Note: 8. TRADE PAYABLES (UNSECURED)

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
a) Trade payables		
i) Dues to Micro, Small and Medium Enterprises	5.90	2.84
ii) Others	870.36	1,041.83
b) Advances from customers	12.24	9.12
Total	888.50	1,053.79

a) Note forming part of accounts in relation to Micro, Small and Medium Enterprises

Based on, and to the extent of information received from the suppliers with regard to their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), on which the auditors have relied, the disclosure requirements of Schedule VI to the Companies Act, 1956 with regard to the payments made/due to Micro, Small and Medium Enterprises are given below

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 8. TRADE PAYABLES (UNSECURED) (Contd...)

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Principal	Interest	Principal	Interest
I. Amounts due as at the date of Balance Sheet				
a) Principal amount	Nil	—	Nil	—
b) Interest thereon	—	Nil	—	Nil
II. Amount of interest along with the amounts of principal made beyond the appointed date during the year	Nil	Nil	Nil	Nil
III. Amount of interest due and payable for the period of delay in making payments of principal amount during the year beyond the appointed date	—	Nil	—	Nil
IV. The amount of interest accrued and remaining unpaid as at the date of Balance Sheet	—	Nil	—	Nil
V. The amount of further interest remaining due and payable in succeeding year	—	Nil	—	Nil

Note: 9. OTHER CURRENT LIABILITIES (UNSECURED)

₹ Million

Particulars	As at March 31, 2012		As at March 31, 2011	
Unclaimed dividends		8.71		7.69
Other payables				
a) Employee related payables	220.50		162.27	
b) Outstanding liabilities	399.73		293.42	
c) Commission payable to Non-Executive Chairman	104.18		72.08	
d) Excise Duty/Service tax payable	9.15		11.04	
e) Sales tax payable	151.29		108.13	
f) TDS/TCS payable	14.72		15.29	
g) Payables to capital creditors	72.54		46.08	
h) Other non-trade payables	129.14	1,101.25	153.49	861.80
Sub-Total		1,109.96		869.49
Add: Current maturities of long-term debt (Refer Note No 4)		14.60		98.44
Total		1,124.56		967.93

Note: 10. FIXED ASSETS & DEPRECIATION

₹ Million

		GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
SL No.	Particulars	Cost as at March 31, 2011	Current Year Additions	Deletions	Cost as at March 31, 2012	Up to March 31, 2011	Current Period	Deletions	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
A	Tangible Assets										
1	Land and land development	168.28	-	-	168.28	-	-	-	-	168.28	168.28
2	Buildings	789.02	77.39	-	866.41	130.24	22.52	-	152.76	713.65	658.78
3	R&D buildings	9.90	-	-	9.90	3.97	0.31	-	4.28	5.62	5.93
4	Plant & machinery	3,592.71	688.99	18.08	4,263.62	1,777.98	384.22	15.91	2,146.29	2,117.33	1,814.73
5	R&D plant & machinery	101.27	7.76	0.45	108.58	71.79	5.23	0.31	76.71	31.87	29.48
6	Electrical installations	411.72	33.95	15.89	429.78	89.07	18.73	7.81	99.99	329.79	322.65
7	Furniture	58.75	16.55	0.01	75.29	36.68	3.24	0.01	39.91	35.38	22.07
8	Vehicles	57.75	12.97	3.81	66.91	27.98	4.34	1.28	31.04	35.87	29.77
9	Office equipment	174.60	28.20	10.31	192.49	93.48	21.33	9.33	105.48	87.01	81.12
	Total	5,364.00	865.81	48.55	6,181.26	2,231.19	459.92	34.65	2,656.46	3,524.80	3,132.81
	Previous year	4,889.01	517.06	42.07	5,364.00	1,852.91	412.53	34.25	2,231.19	3,132.81	3,036.10
B	Intangible Assets										
10	Brands/trademarks	0.12	-	-	0.12	0.12	-	-	0.12	-	-
11	Computer software	23.44	7.67	-	31.11	5.38	4.81	-	10.19	20.92	18.06
	Total	23.56	7.67	-	31.23	5.50	4.81	-	10.31	20.92	18.06
	Previous year	22.06	1.50	-	23.56	0.91	4.59	-	5.50	18.06	21.15
A+B	Grand Total	5,387.56	873.48	48.55	6,212.49	2,236.69	464.73	34.65	2,666.77	3,545.72	3,150.87
	Previous year	4,911.07	518.56	42.07	5,387.56	1,853.82	417.12	34.25	2,236.69	3,150.87	3,057.25
C	Capital work-in-progress									310.65	369.57
D	Intangible assets under development									4.58	5.84

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 11. NON-CURRENT INVESTMENTS

₹ Million

Particulars	As at March 31, 2012		As at March 31, 2011	
A. In Equity Instruments				
a. Quoted - Non trade				
i) 125 Fully paid up equity shares of ₹1/- each in Standard Batteries Ltd	0.01		0.01	
Less: Provision for diminution in value	0.01		0.01	
	-		-	
ii) 25 Fully paid up equity shares of ₹2/- each in Nicco Corporation Ltd	0.001		0.001	
iii) 10,000 Fully paid up equity shares of ₹1/- each in Exide Industries Ltd	0.04		0.04	
iv) 5,500 Fully paid up equity shares of ₹1/- each in HBL Power Systems Ltd	0.01		0.01	
v) 160,000 Fully paid up equity shares of ₹2/- each in IVRCL Limited	0.21		0.21	
vi) 23,749 Fully paid up equity shares of ₹10/- each in IDBI Bank Ltd	1.01		1.01	
vii) 227,900 Fully paid up equity shares of ₹10/- each in Andhra Bank	2.28	3.55	2.28	3.55
b. Unquoted - Non trade				
i) 1,128 Fully paid up equity shares of ₹10/- each in Indian Lead Ltd	0.03		0.03	
Less: Provision for diminution in value	0.03	-	0.03	-
c. Unquoted - Trade				
i) 1,206,000 Fully paid up equity shares of ₹10/- each in Andhra Pradesh Gas Power Corporation Ltd		157.14		157.14
B. In Government Securities - Non trade				
a) 6 years National Savings Certificates (Lodged as security with Government departments. ₹12,000/- held in the name of Dr. Ramachandra N Galla, Non-Executive Chairman)				
		0.07		0.07
Total		160.76		160.76
Aggregate of quoted investments				
At cost		3.56		3.56
At market value		41.85		52.38
Aggregate of unquoted investments - at cost		157.24		157.24

Note: 12. LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD)

₹ Million

Particulars	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Capital advances	4.46	42.15	-	-
Refundable deposits	85.85	68.56	1.24	1.01
Loans and advances to related parties	5.80	15.26	-	7.35
Other loans and advances				
a) Material and other advances	-	-	116.45	154.41
Less: Provision for doubtful advances	-	-	-	1.27
Net material and other advances	-	-	116.45	153.14
b) Excise duty, service tax and VAT paid in advance	-	-	54.65	72.40
c) Income tax paid in advance and TDS receivables	-	-	1,010.36	712.84
d) Excise duty and sales tax paid under protest	9.48	5.64	-	-
e) Low voltage surcharge paid under protest to APSDCL	17.26	13.57	-	-
Total	122.85	145.18	1,182.70	946.74

a) Consequent to an order passed by Vidyut Ombudsman in March 2010, Andhra Pradesh Southern Power Distribution Company Ltd., (APSPDCL) has demanded ₹ 27.06 Million as low voltage surcharge (including interest) for the period from June, 2005 to November, 2007. The Company has created a liability in the accounts for ₹ 25.80 Million during the financial year ended March 31, 2009, as per

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 12. LOANS AND ADVANCES (UNSECURED AND CONSIDERED GOOD) (Contd...)

APSPDCL'S original demand. The Company has paid ₹ 17.26 Million (Previous year ₹ 13.57 Million) under protest. The Company has not provided the balance of ₹1.26 Million in the books and has preferred an appeal against the order of Vidyut Ombudsman.

b) Loans and advances to related parties (Refer Note No 31)

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
Amara Raja Infra Private Limited - Capital advance	5.80	15.26
(Nature of relationship - Company in which the promoter directors are interested)		

Note: 13. OTHER ASSETS (UNSECURED AND CONSIDERED GOOD)

₹ Million

Particulars	Long-term		Short-term	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Interest accrued	-	-	21.27	10.05
Prepaid expenses	1.11	2.37	10.33	13.05
Total	1.11	2.37	31.60	23.10

Note: 14. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
Raw materials	553.67	634.71
Add: Raw materials in transit	429.34	438.88
Total Raw materials	983.01	1,073.59
Work-in-process	811.41	792.32
Finished goods	563.49	726.95
Stock-in-trade	44.70	22.02
Stores and spares	252.79	221.05
Loose tools	5.15	5.56
Secondary packing materials and Others	5.62	5.48
Total	2,666.17	2,846.97

Note: 15. TRADE RECEIVABLES (UNSECURED)

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
a) Trade receivables outstanding for a period exceeding 6 months from due date		
i) Considered good	11.62	106.72
ii) Considered doubtful	44.57	11.08
	56.19	117.80
Less: Provision for doubtful receivables	44.57	11.08
	11.62	106.72
b) Other debts		
i) Considered good	3,185.21	2,949.90
ii) Considered doubtful	28.27	-
	3,213.48	2,949.90
Less: Provision for doubtful receivables	28.27	-
Total	3,196.83	3,056.62

a) Movement of provision for doubtful debts

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening balance	11.08	25.09
Provision made during the year	66.00	4.84
Reversed / written off as bad debts	4.24	18.85
Closing balance	72.84	11.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 16. CASH AND BANK BALANCES

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
a) Cash and cash equivalents		
i) Balances with banks		
in current accounts	488.23	48.40
in deposit accounts	1,750.10	320.09
in exchange earner's foreign currency account	27.06	25.15
ii) Cheques/drafts on hand	16.73	49.10
iii) Cash on hand	1.07	0.44
	2,283.19	443.18
b) Other bank balances		
i) Security deposits with sales tax authorities	0.30	0.31
ii) Unclaimed dividends	8.71	7.69
	9.01	8.00
Total	2,292.20	451.18

Note: 17. REVENUE FROM OPERATIONS

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a) Sale of products		
Storage batteries (finished goods)	25,126.00	19,340.37
Storage batteries (stock-in-trade)	534.76	16.87
Home UPS (stock-in-trade)	346.48	48.21
b) Sale of services		
Installation and commissioning	9.67	12.36
Annual maintenance	5.07	4.12
Preventive maintenance	8.67	4.84
Other services	15.55	5.14
c) Sale of process scrap	11.30	11.23
d) Gross revenue from operations	26,057.50	19,443.14
Less: Excise duty	2,383.94	1,832.61
Net revenue from operations	23,673.56	17,610.53

Revenue from operations include foreign exchange gain of ₹ 26.17 Million (Previous year - Loss of ₹ 9.05 Million)

Note: 18. OTHER INCOME

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest income		
On bank and other deposits	41.05	9.68
Against trade receivables	45.47	1.57
Dividend income	26.10	43.19
Insurance claims	22.44	9.14
Foreign exchange gain (net)	2.46	-
Scrap Sales (Non-process)	8.28	4.19
Provisions & credit balances written back	5.31	7.89
Bad debts recovered	0.04	2.00
Sundry income	0.70	0.10
Total	151.85	77.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 19. COST OF MATERIALS CONSUMED

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening stock	634.71	435.57
Add: Purchases	14,912.34	11,986.28
Sub-total	15,547.05	12,421.85
Less: Closing stock	553.67	634.71
Total	14,993.38	11,787.14

Cost of materials consumed include foreign exchange gain of ₹ 92.85 Million (Previous year ₹ 15.64 Million)

a) Details of material consumed

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Pure lead	6,980.73	5,519.08
Lead alloys	5,899.45	4,696.91
Separator	593.94	439.25
Others	1,519.26	1,131.90
Total	14,993.38	11,787.14

Note: 20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Closing stocks		
Work-in-process	811.41	792.32
Finished goods	563.49	726.95
Stock-in-trade	44.70	22.02
	1,419.60	1,541.29
Less: Opening stocks		
Work-in-process	792.32	734.12
Finished goods	726.95	516.31
Stock-in-trade	22.02	7.72
	1,541.29	1,258.15
(Increase)/decrease in inventories	121.69	(283.14)

a) Details of purchase of stock-in-trade

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Storage batteries	522.79	11.73
Home UPS	317.23	62.41
Total	840.02	74.14

b) Classification of work-in-process

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Storage batteries	811.41	792.32
Total	811.41	792.32

c) Opening and closing value of stock-in-trade

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening stock		
Storage batteries	0.34	5.22
Home UPS	21.68	2.50
Closing stock		
Storage batteries	21.15	0.34
Home UPS	23.55	21.68

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 20. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE (Contd...)

d) Opening and closing stock of finished goods

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Opening stock		
Storage batteries	726.95	516.31
Closing stock		
Storage batteries	563.49	726.95

Note: 21. EMPLOYEE BENEFITS EXPENSE

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salaries and wages	858.03	735.69
Contribution to provident and other funds	57.90	57.44
Staff welfare expenses	86.71	91.46
Total	1,002.64	884.59

Note: 22. FINANCE COSTS

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense		
Term loans	3.01	13.93
Working capital facilities	2.65	0.59
Income tax	7.79	6.11
Other borrowing costs - Finance charges	4.76	9.44
Net loss on foreign currency transactions	22.38	0.51
Total	40.59	30.58

Note: 23. DEPRECIATION AND AMORTISATION EXPENSE

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Depreciation	459.92	412.53
Amortisation	4.81	4.59
Total	464.73	417.12

Note: 24. OTHER EXPENSES

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. Manufacturing expenses		
a. Stores and spares consumed (including packing material)	312.51	316.44
b. Power and fuel	539.84	483.41
c. Insurance	4.91	0.58
d. Repairs and maintenance to		
i) Machinery	47.99	38.86
ii) Buildings	10.42	16.64
iii) Other assets	11.82	8.46
Total (A)	927.49	864.39
B. Selling expenses		
a. Advertisement and promotion	215.03	102.95
b. Freight outward	474.04	419.33
c. Commission on sales	16.33	26.45
d. Other sales expenses	249.66	200.30
e. Royalty on sales	2.44	-
f. Warranty	636.06	505.49
Total (B)	1,593.56	1,254.52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 24. OTHER EXPENSES (Contd...)

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
C. Administrative expenses		
a. Rent	66.64	52.41
b. Operating lease rentals	-	2.09
c. Commission to Non-Executive Chairman	104.18	72.08
d. Payment to Auditors (Refer Note No 30)	2.19	1.77
e. Research and development expenses	7.27	2.14
f. Donations	64.68	45.06
g. Political donation (Refer Note No 38)	1.00	1.00
h. Travel and conveyance	100.27	83.67
i. Communication expenses	13.49	13.58
j. Consultancy charges	35.95	17.20
k. Information technology expenses	18.67	27.25
l. Office maintenance expenses	53.09	37.75
m. Sundry expenses	77.23	61.37
Total (C)	544.66	417.37
D. Other expenses		
a. Provision for doubtful debts	66.00	4.84
b. Bad debts and irrecoverable advances written off	7.00	22.39
Less: Opening provision reversed	5.48	18.85
c. Foreign exchange loss (net)	-	1.23
d. Assets written off	3.83	7.34
e. Premium on forward contracts	0.56	0.01
Total (D)	71.91	16.96
E. Rates and taxes (excluding income tax)		
a. Rates, taxes and licenses	2.82	4.32
b. Duties and taxes (indirect taxes)	35.29	16.28
c. Wealth tax	0.18	0.20
Total (E)	38.29	20.80
Grand Total (A+B+C+D+E)	3,175.91	2,574.04

Note: 25. COMPARISON BETWEEN CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS, STORES AND SPARES

i) Raw material and components

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Value	%	Value	%
Imported	6,993.33	46.64%	5,141.91	43.62%
Indigenous	8,000.05	53.36%	6,645.23	56.38%
Total	14,993.38	100.00%	11,787.14	100.00%

ii) Stores and spares

₹ Million

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Value	%	Value	%
Imported	45.00	14.40%	47.95	15.15%
Indigenous	267.51	85.60%	268.49	84.85%
Total	312.51	100.00%	316.44	100.00%

Note: 26. VALUE OF IMPORTS MADE DURING THE YEAR CALCULATED ON CIF BASIS

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Capital goods	318.36	206.09
Stock-in-trade	-	9.63
Raw material and components	6,818.43	4,876.54
Stores and spares	64.94	62.85
Total	7,201.73	5,155.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 27. EXPENDITURE INCURRED IN FOREIGN CURRENCY

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Foreign travel expenses (exclusive of tickets purchased in Rupees)	7.47	3.80
Sales commission	5.68	0.26
Interest	4.31	13.83
Others	3.10	2.55
Total	20.56	20.44

Note: 28. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

₹ Million

Year	No. of non-resident shareholders	No. of shares held	Amount of dividend
2011-12	5	22,645,199	58.88
2010-11	6	22,719,111	111.32

Note: 29. FOB VALUE OF EXPORTS

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sales	1,170.25	834.15

Note: 30. PAYMENT TO AUDITORS

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
a) For Audit		
Statutory audit	1.80	1.40
Cost audit	0.09	0.09
b) For taxation matters (including tax audit)	0.20	0.10
c) For other matters - Certification fee for cost auditor	0.04	0.04
d) Reimbursement of out of pocket expenses	0.06	0.14
Total	2.19	1.77

Note: 31. RELATED PARTY TRANSACTIONS

Related parties particulars pursuant to "Accounting Standard -18"

A) List of related parties

1. Key management personnel	Sri Jayadev Galla	
2. Relatives of key management personnel	Dr. Ramachandra N Galla	Father of Sri Jayadev Galla
	Smt. G. Amara Kumari	Mother of Sri Jayadev Galla
	Smt. G. Padmavathi	Wife of Sri Jayadev Galla
	Dr. G. Ramadevi	Sister of Sri Jayadev Galla
	Sri Ashok Galla	Son of Sri Jayadev Galla
	Master Siddharth Galla	Son of Sri Jayadev Galla
3. Enterprises in which key management personnel and / or their relatives have significant influence	Amara Raja Power Systems Limited	
	Amara Raja Electronics Limited	
	Mangal Precision Products Limited	
	Galla Foods Limited	
	Amara Raja Infra Private Limited	
	Amara Raja Industrial Services Private Limited	
	RNGalla Family Holdings Private Limited	
	Amaron Batteries Private Limited	
4. Enterprises with significant influence	Johnson Controls (Mauritius) Private Limited, Mauritius	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 31. RELATED PARTY TRANSACTIONS (Contd...)

B) Transactions with the Related Parties

I. Transactions during the year 2011-12 (previous year 2010-11)

₹ Million

Particulars	Remuneration paid	Dividend paid	Rents paid	Sale of goods	Reimbursement/ sharing of expenses	Purchase of goods / services	Purchase of capital items
a. Key management personnel							
Sri Jayadev Galla	173.63	16.67	-	-	-	-	-
	(120.13)	(31.41)	-	-	-	-	-
b. Relatives of key management personnel							
Dr. Ramachandra N Galla	104.18	16.63	-	-	-	-	-
	(72.08)	(31.35)	-	-	-	-	-
Smt. G. Amara Kumari	-	6.84	-	-	-	-	-
	-	(12.89)	(0.50)	-	-	-	-
Smt. G. Padmavathi	-	1.29	-	-	-	-	-
	-	(2.43)	-	-	-	-	-
Dr. G. Ramadevi	-	10.47	5.42	-	-	-	-
	-	(19.74)	(5.68)	-	-	-	-
Sri Ashok Galla	-	0.07	-	-	-	-	-
	-	(0.13)	-	-	-	-	-
Master Siddharth Galla	-	0.07	-	-	-	-	-
	-	(0.13)	-	-	-	-	-
c. Enterprises in which key management personnel and / or their relatives have significant influence							
Amara Raja Power Systems Limited	-	-	-	199.98	21.36	5.41	13.62
	-	-	-	(171.28)	(18.52)	(1.18)	(50.84)
Amara Raja Electronics Limited	-	-	-	282.90	14.97	328.96	0.10
	-	-	-	(352.27)	(18.08)	(87.25)	(0.27)
Mangal Precision Products Limited	-	4.05	-	1.79	11.04	1,776.70	11.31
	-	(7.63)	-	(1.42)	(8.03)	(1,430.67)	(12.32)
Galla Foods Limited	-	-	-	-	2.17	18.63	-
	-	-	-	-	(2.04)	(23.25)	-
Amara Raja Infra Private Limited	-	-	1.56	-	0.53	17.01	195.42
	-	-	(0.75)	-	(0.28)	(8.99)	(82.88)
Amara Raja Industrial Services Private Limited	-	-	-	-	0.06	33.14	0.32
	-	-	-	-	-	(17.24)	-
d. Enterprises with significant influence							
Johnson Controls (Mauritius) Private Limited, Mauritius	-	57.73	-	-	-	-	-
	-	(108.81)	-	-	-	-	-
Total	277.81	113.82	6.98	484.67	50.13	2,179.85	220.77
	(192.21)	(214.52)	(6.93)	(524.97)	(46.95)	(1,568.58)	(146.31)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 31. RELATED PARTY TRANSACTIONS (Contd...)

II. Balances as at March 31, 2012 (as at March 31, 2011)

₹ Million

Particulars	Share capital held	Remuneration payable	Trade payables	Trade receivables	Capital advances	Deposits recoverable
a. Key management personnel						
Sri Jayadev Galla	12.82	147.62	-	-	-	-
	(12.82)	(105.12)	-	-	-	-
b. Relatives of key management personnel						
Dr. Ramachandra N Galla	12.80	104.18	-	-	-	-
	(12.80)	(72.08)	-	-	-	-
Smt. G. Amara Kumari	5.26	-	-	-	-	-
	(5.26)	-	-	-	-	-
Smt. G. Padmavathi	0.99	-	-	-	-	-
	(0.99)	-	-	-	-	-
Dr. G. Ramadevi	8.06	-	-	-	-	-
	(8.06)	-	-	-	-	(1.76)
Sri Ashok Galla	0.05	-	-	-	-	-
	(0.05)	-	-	-	-	-
Master Siddharth Galla	0.05	-	-	-	-	-
	(0.05)	-	-	-	-	-
c. Enterprises in which key management personnel and / or their relatives have significant influence						
Amara Raja Power Systems Limited	-	-	9.26	97.36	-	-
	-	-	-	(124.12)	-	-
Amara Raja Electronics Limited	-	-	17.05	49.62	-	-
	-	-	-	(211.98)	-	-
Mangal Precision Products Limited	3.12	-	111.33	-	-	-
	(3.12)	-	(101.36)	-	-	-
Galla Foods Limited	-	-	4.26	-	-	-
	-	-	-	-	-	-
Amara Raja Infra Private Limited	-	-	13.64	-	5.80	-
	-	-	(4.39)	-	(15.26)	-
Amara Raja Industrial Services Private Limited	-	-	0.35	-	-	-
	-	-	(2.61)	-	-	-
d. Enterprises with significant influence						
Johnson Controls (Mauritius) Private Limited, Mauritius	44.41	-	-	-	-	-
	(44.41)	-	-	-	-	-
Total	87.56	251.80	155.89	146.98	5.80	-
	(87.56)	(177.20)	(108.36)	(336.10)	(15.26)	(1.76)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 32. UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars	Currency	As at March 31, 2012		As at March 31, 2011	
		Foreign currency (Million)	Rupees (Million)	Foreign currency (Million)	Rupees (Million)
Term loan	USD	-	-	2.00	89.44
Sundry creditors	USD	0.74	38.00	1.16	52.51
	EUR	0.04	2.51	0.10	6.54
	GBP	0.01	0.64	0.03	2.34
	JPY	-	-	0.66	0.36
Advances from customers	USD	0.02	0.87	0.02	0.85
Sundry debtors	USD	3.94	199.75	3.06	135.11
Advances	USD	1.11	57.25	4.39	198.36
	EUR	0.01	0.41	0.12	7.78
	GBP	0.004	0.36	0.39	28.59
Bank balances	USD	0.53	27.06	0.57	25.15

Note: 33. PARTICULARS OF REVENUE EXPENDITURE CAPITALISED

₹ Million

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Foreign travel expenses	0.34	0.41
Total	0.34	0.41

Note: 34. CONTINGENT LIABILITIES AND COMMITMENTS

₹ Million

Particulars	As at March 31, 2012	As at March 31, 2011
A. Contingent liabilities		
a) Claims against the Company not acknowledged as debts		
i) Excise duty/service tax	16.10	18.62
ii) Sales tax	30.06	88.21
iii) Income tax	48.93	-
iv) Electricity	248.89	205.44
v) Dues to supplier	-	0.75
[Against all the above ₹9.48 Million (₹5.64 Million) was paid under protest]		
b) Other contingent liabilities		
i) Bills discounted with scheduled banks	-	69.13
B. Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	142.31	236.94

Note: 35. EARNINGS PER SHARE

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Earnings		
Net profits for the period in ₹ Million	2,150.63	1,480.96
Equity shares		
Number of shares outstanding at the end of the year (Basic and Diluted)	85,406,250	85,406,250
Basic and diluted earnings per equity share - Par value ₹2/- per share	₹ 25.18	₹ 17.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd...)

Note: 36.

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

Note: 37.

In the opinion of Board of Directors the assets other than fixed assets and non-current investments are expected to realise the value stated in the financial statements in the ordinary course of business.

Note: 38.

Current year political donation of ₹ 1 Million represent payment to the Communist Party of India (CPI), Chittoor District Council.

Note: 39.

From the financial year 2011-12, the revised Schedule VI notified under the Companies Act, 1956 is applicable to the Company for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified and rearranged the previous year figures in accordance with the requirements of revised Schedule VI.

Note: 40.

Figures in Rupees have been rounded off to the nearest Million.

As per our report of even date attached

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

Chartered Accountants

Firm Registration No. 002644S

For **CHEVUTURI ASSOCIATES**

Chartered Accountants

Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya

Partner

(ICAI Memb. No: 215621)

Raghunadha Rao Balineni

Partner

(ICAI Memb. No: 28105)

Dr. Ramachandra N Galla

Chairman

Jayadev Galla

Managing Director

Place : Hyderabad

Date : May 28, 2012

K. Suresh

Chief Financial Officer

N. Ramanathan

Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the twenty seventh Annual General Meeting of the Members of Amara Raja Batteries Limited will be held on Tuesday, August 14, 2012 at 2:55 PM at the Registered Office of the Company at Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the audited Statement of Profit and Loss for the year ended on that date, together with the reports of the board of directors and auditors thereon.
2. To declare a dividend on equity shares for the financial year ended March 31, 2012.
3. To appoint a director in place of Dr. Ramachandra N Galla, who retires by rotation in terms of Article 105 (a) of the Articles of Association of the Company and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. N. Sri Vishnu Raju, who retires by rotation in terms of Article 105 (a) of the Articles of Association of the Company and being eligible offers himself for re-appointment.
5. To appoint auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution, as an Ordinary Resolution:

“RESOLVED that M/s. E. Phalguna Kumar & Co., Chartered Accountants, Tirupati, Firm Registration No. 002644S and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, Firm Registration No. 000632S be and they are hereby re-appointed as joint statutory auditors of the Company to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the Company on such remuneration to be mutually agreed between the board of directors and the auditors.”

Special Business:

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable and related provisions, if any, of the Companies Act, 1956 or any statutory modifications (s) or re-enactment thereof from time to time, Mr. Raymond J Brown, who was appointed as an additional director of the Company with effect from May 28, 2012 at the meeting of the board of directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the Company, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

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

“RESOLVED

- a. that pursuant to the provisions of Sections 13, 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956, or any amendment, modification or re-enactment thereof from time to time and in accordance with the provisions of Article 57 of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, if any, required from any authority, the existing equity shares of the face value of ₹ 2/- (Rupees Two) each be and are hereby sub-divided into 2 (two) equity shares of the face value of ₹ 1/- (Rupee One) each and consequently, the authorised share capital of the Company of ₹ 20,00,00,000 (Rupees Twenty Crores only) be divided into 20,00,00,000 (Twenty Crores only) equity shares of the face value of ₹ 1/- (Rupee One) each, with effect from the “record date” to be determined by the board of directors of the Company (“the board”, which term shall be deemed to include any committee whether existing or to be constituted to exercise its powers, including the powers conferred by this resolution thereof) for this purpose;
- b. that pursuant to the sub-division of the equity shares of the Company, the issued, subscribed and paid-up equity shares of the face value of ₹ 2/- (Rupees Two) each, as existing on the record date, shall stand sub-divided into equity shares of the face value of ₹ 1/- (Rupee One) each fully paid-up, with effect from the record date;
- c. that the two new equity shares of ₹ 1/- each to be allotted in lieu of one equity share of ₹ 2/- each shall be subject to the terms of Memorandum and Articles of Association of the Company and shall rank *pari-passu* in all respects and carry the same rights as existing fully paid equity share of ₹ 2/- each of the Company and shall be entitled to participate in full in any dividend(s) to be declared after the sub-divided equity shares are allotted;
- d. that the existing share certificate(s) in relation to issued equity shares of the Company held by members in physical form be cancelled and in lieu thereof fresh certificate(s) be issued for the sub-divided equity shares in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, and where members hold equity shares (or opt to receive sub-divided equity shares) in dematerialised form, the sub-divided equity shares in lieu of the existing shares be credited to the respective beneficiary accounts of the members with their respective depository participants;

NOTICE OF ANNUAL GENERAL MEETING (Contd..)

- e. that for the purpose of giving effect to this resolution, the board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to calling back the existing share certificates, and if so decided, to issue of new share certificate(s) without seeking old share certificate(s), to execute all such documents, instruments, undertaking and writings as may be required in this connection, to delegate all or any of the powers vested in the board to any executives of the Company and give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”
8. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
- “RESOLVED that pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications and re-enactment thereof from time to time, the first sentence in the existing clause V of the Memorandum of Association of the Company relating to the share capital be substituted with the following sentence:
- V. The Authorised Share Capital of the Company is ₹ 20,00,00,000 (Rupees Twenty Crores only) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of ₹ 1/- (Rupee One only) each.”
9. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:
- “RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications and re-enactment thereof from time to time, the existing Article no. 5 of the Articles of Association of the Company relating to the share capital be substituted with the following:
5. The Authorised Share Capital of the Company is ₹ 20,00,00,000/- (Rupees Twenty Crores only) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of ₹ 1/- (Rupee One only) each.”

By Order of the Board
For Amara Raja Batteries Limited

Place: Hyderabad
Date: May 28, 2012

N. Ramanathan
Company Secretary

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the “meeting”) is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy so appointed need not be a Member of the Company. The proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Corporate member(s) intending to send their authorised representative(s) to attend the meeting are requested to send a certified true copy of the board resolution pursuant to Section 187 of the Companies Act, 1956 authorising their representatives to attend and vote on their behalf at the meeting.
3. An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the special businesses to be transacted at the meeting is annexed hereto.
4. The Register of Directors’ shareholding maintained by the Company pursuant to Section 307 of the Companies Act, 1956 is open for inspection to the members at the meeting.
5. The Register of Members and share transfer books of the Company will remain closed from August 7, 2012 (Tuesday) to August 14, 2012 (Tuesday) (both days inclusive), for the purpose of payment of dividend, if declared at the meeting.
6. Dividend as recommended by the board of directors, if approved, by the members at the meeting, shall be paid on or after August 14, 2012 to those members whose name appear in the Register of Members as on the date of the meeting, within the stipulated time period. In respect of shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as at the close of August 6, 2012, as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
7. Members are advised to refer to the shareholders’ referencer placed on the Company’s website www.amararaja.co.in, covering various aspects such as investor services and grievance handling mechanism, recommendations of the Company to the shareholders, Dividend, ECS facility and its requirements etc.

NOTICE OF ANNUAL GENERAL MEETING (Contd..)

8. The Ministry of Corporate Affairs (MCA) has taken the "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the MCA in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the email updation form placed on the Company's website www.amararaja.co.in and register the same with M/s. Cameo Corporate Services Limited, Registrar and Share Transfer Agents. We solicit your patronage and support in joining hands with the Company to implement the e-governance initiative.
9. Members are requested to handover the enclosed attendance, duly signed in accordance with their specimen signature (s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to write their client ID and DP-ID number and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
10. In case of joint holders attending the meeting, only such holder who is higher in the order of names will be entitled to vote.
11. For your convenience, the attendance slip and proxy form are attached at the end of this annual report.
12. A Member or his/her proxy is requested to bring the annual report to the meeting as extra copies will not be distributed.
13. Members are requested to send their queries, if any, on the accounts and operations of the Company to the Company Secretary at least 7 days before the meeting.
14. No gifts / compliments / coupons will be distributed at the meeting.
15. Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges brief particulars of the Directors proposed for re-appointment/ appointment at the meeting is given below:

I. Name of the Director	Dr. Ramachandra N Galla
Date of Birth	June 01, 1938
Qualification	M.E. (Applied Electronics) from Roorkee University, Uttar Pradesh. MS (Systems Sciences) from Michigan State University, USA
Expertise	Dr. Ramachandra N Galla is 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. Dr. Ramachandra N Galla 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. Dr. Ramachandra N Galla is instrumental in the growth of the Company and also Amara Raja Group of Companies as a whole.
Name(s) of other Companies in which Directorships held	1. Amara Raja Power Systems Limited 2. Mangal Precision Products Limited 3. Amara Raja Electronics Limited 4. Galla Foods Limited 5. Amara Raja Infra Private Limited 6. Amaron Batteries Private Limited 7. Amara Raja Industrial Services Private Limited 8. RNGalla Family Holdings Private Limited 9. Andhra Pradesh Gas Power Corporation Limited
Name(s) of other Companies in which Committee membership (s)/ Chairmanship (s) held	Mangal Precision Products Limited
Total shares held by him in the Company	6,397,537 equity shares of ₹ 2/- each
Relationship with other directors	Dr. Ramachandra N Galla is the father of Mr. Jayadev Galla, Managing Director

NOTICE OF ANNUAL GENERAL MEETING (Contd...)

II. Name of the Director	Mr. N. Sri Vishnu Raju
Date of Birth	December 28, 1973
Qualification	B.E. (Chemical) from Osmania University, Andhra Pradesh
Expertise	Mr. N. Sri Vishnu Raju holds a Bachelors degree in Chemical Engineering from Osmania University, Andhra Pradesh and was trained with Friedman Billing and Ramsey a US top 10 investment Bank as research associate before he started his own companies. Mr. N. Sri Vishnu Raju is the Founder Chairman and CEO of Exciga Group, which consists of five non banking finance companies which invest in various sectors like steel, housing, finance, banks, shipping, textiles, paper, petroleum, healthcare, power etc. He is also the founder of Ninestar Information Technologies and co-founder of Elansoft Infocomm Limited.
Name(s) of other Companies in which Directorships held	1. Raasi Computer Limited 2. Raasi Software Corporation Limited 3. Elansoft Infotech Limited 4. Arlington Estates & Resorts Private Limited 5. Blue Hammock Estates Private Limited 6. Blue Hammock Software Private Limited 7. Dexter Computech Private Limited 8. Elansoft Infocom Private Limited 9. Exciga Land Holdings Private Limited 10. Exciga Properties Private Limited 11. Exciga Soft Private Limited 12. Foliage Biotech Private Limited 13. Fruiton Bio Pharma Private Limited 14. Ink Reality Projects Private Limited 15. Monza Estates Private Limited 16. Ratnamala Real Estates Private Limited 17. Revathi Finances & Leasing Private Limited 18. Unnathi Estates Private Limited 19. Verdant Realtors Private Limited 20. Viviso Estates & Lands Private Limited 21. Waporise Systems India Private Limited
Name of other Companies in which Committee membership (s)/ Chairmanship (s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. N. Sri Vishnu Raju is not related to any Director of the Company
III. Name of the Director	Mr. Raymond J Brown
Date of Birth	August 28, 1950
Qualification	B.A. in Accounts & Finance from Pennsylvania State University.
Expertise	Mr. Raymond J Brown, former employee of Johnson Controls Inc (JCI), joined JCI in 1980 and has held positions of increasing responsibility within JCI Sales and Marketing and retired as V.P Sales and Marketing of JCI, Power Solutions business. During his stint in JCI, he was involved in the global battery growth of JCI in Mexico, South America, Europe, and Asia in Brighton, Michigan, USA. Mr. Raymond J Brown was on the board of the Company as JCI nominee during the period from 2002 to 2006 and 2007 to 2009 and had made invaluable contributions for the plans and growth of the Company. Post retirement from JCI, Mr. Raymond J Brown now runs his own consulting firm providing advisory services to the companies in the areas of strategic planning & profit enhancement and he is also in vacation planning business providing complete solutions.
Name(s) of other Companies in which Directorships held	Nil
Name(s) of other Companies in which Committee membership(s)/ Chairmanship (s) held	Nil
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. Raymond J Brown is not related to any Director of the Company

NOTICE OF ANNUAL GENERAL MEETING (Contd..)

Explanatory Statement

(Pursuant to Section 173 (2) of the Companies Act, 1956)

The following explanatory statement sets out all material facts relating to special businesses mentioned in the accompanying notice dated May 28, 2012 and shall be taken as forming part of the notice.

Item No. 6

At the board meeting held on May 28, 2012, the Board of Directors of the Company appointed Mr. Raymond J Brown as an additional director (Independent) of the Company. Pursuant to Section 260 of the Companies Act, 1956, Mr. Raymond J Brown holds office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing along with the deposit of ₹ 500/- proposing the candidature of Mr. Raymond J Brown for the office of the Director in terms of Section 257 of the Companies Act, 1956.

The particulars of Mr. Raymond J Brown's viz., qualification, expertise and directorships and memberships of other Board and Board Committees have been given in the notes to the notice of the Annual General Meeting. Mr. Raymond J Brown has submitted Form DDA to the Company as required under the Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956), Rules, 2003 and is not disqualified from being appointed as director.

None of the Directors of the Company other than Mr. Raymond J Brown is interested or concerned in the resolution.

Your Directors recommend the resolution as set out at item no. 6 of the notice for approval of the members.

Item Nos. 7, 8 and 9

With a view to enhance the shareholders wealth, easy accessibility of the Company's equity shares to small shareholders, the board of directors at their meeting held on May 28, 2012 considered and recommended the sub-division of the existing face value of equity shares of the Company from the present ₹ 2/- per share to ₹ 1/- per share. It is expected that if the shares are sub-divided, it will increase its affordability and provide better liquidity.

Accordingly, the authorised share capital of the Company of ₹ 20,00,00,000/- will be sub-divided into 20,00,00,000 equity shares of ₹ 1/- each. The issued, subscribed and paid-up share capital, as existing on the record date for the purpose of subdivision of the equity shares, will be sub-divided into equity shares of the face value of ₹ 1/- each fully paid-up, with effect from that date.

Consequent to the sub-division of the equity shares of the Company, it is necessary to amend the clauses relating to the share capital in the Memorandum and Articles of Association of the Company to reflect the proposed change in the face value of the equity shares. Accordingly, the resolutions at item nos. 8 and 9 are also placed for approval of the members. The consent of the members is being sought in accordance with the provisions of Sections 13, 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956 and Article 57 of the Articles of Association of the Company.

The directors of your Company are interested in the said resolutions to the extent of their respective shareholdings in the Company.

Yours directors recommend the resolutions set out at item nos. 7, 8 and 9 of the notice for approval of the members.

Inspection of Documents

All documents and resolutions referred to in this notice are available for inspection by the members at the Registered Office of the Company at Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh, at any time between 11.00 A.M. and 2.30 P.M. on all working days of the Company except on Sundays, from the date of this notice until the day before the date of the annual general meeting.

By Order of the Board
For Amara Raja Batteries Limited

Place: Hyderabad
Date: May 28, 2012

N. Ramanathan
Company Secretary

If you focus on results, you will never change. If you focus on change, you will get results. –Jack Dixon

**AMARA RAJA**

Gotta be a better way

Amara Raja Batteries Limited

Registered Office: Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh, India

ATTENDANCE SLIP

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

Ledger Folio No. (s) _____ DPID No.* _____ & Client ID No.* _____

No. of Shares held _____

Name and Address of the Member(s)/proxy _____

* Applicable for Members holding shares in electronic form.

I hereby record my presence at the 27th Annual General Meeting of the Company held on Tuesday, August 14, 2012 at 2.55 p. m at the Registered Office: Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh, India

Signature of the Member/Proxy**AMARA RAJA**

Gotta be a better way

Amara Raja Batteries Limited

Registered Office: Renigunta – Cuddapah Road, Karakambadi, Tirupati – 517520, Andhra Pradesh, India

PROXY FORM

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

No. of Shares held _____

I/we _____ of _____

in the district of _____ being a member/ members of Amara Raja Batteries Limited hereby appoint _____ of

_____ or failing him/her _____ of _____ as my / our proxy to vote for me / us and on my /our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, August 14, 2012 at 2.55 p.m at Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati, and at any adjournment(s) thereof.

Signed this _____ day of _____ 2012 by the said _____

* Applicable for Members holding shares in electronic form.

_____
Signature(s) of Member(s)

Note: The proxy form duly completed must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a Member of the Company.

