



it just makes

sense



**AMARA RAJA**  
Gotta be a better way

**AMARA RAJA  
BATTERIES  
LIMITED**

ANNUAL REPORT  
2013/14



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**t**hese are momentous times. Rather than be influenced by the slowdown of the past, the time has come to be excited by the prospects of the future.

The probability of real GDP growth at 8-9% per annum over the medium-term can potentially double India's economy in just five years from now.

Stored energy will represent one of the vital building blocks of this robust national rebound. At Amara Raja Batteries Limited, we are adequately prepared to play a critical role in this significant national resurgence through proactive capacity building.

It took us decades to reach where we are now in terms of capacity; we are significantly enhancing our installed capacity in just 18-24 months by investing ₹7.50 billion, the largest outlay over the last decade.

With the objective to not only capitalise on the country's growth but also accelerate it.



more incomes.  
more vehicles. **more batteries.**

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3,277

India's GDP per capita (PPP) in US\$, 2013-14

1.81

India's four-wheeler sales (million units), 2013-14

15

Number of passenger cars per 1,000 people in India, 2012

5,359

Estimated India's GDP per capita (PPP) in US\$, 2015

8

India's projected four-wheeler sales (million units), 2020

37

Number of passenger cars per 1,000 people in China, 2012

more middle-class.  
more youth. **more batteries.**

---

1.2

India's population (billion), 2011

430

India's population (million) in the age-group of 15-34, 2011

26.7

India's median age, 2013

991

India's consumer spending (US\$, billion), 2010

1.3<sup>+</sup>

India's projected population (billion), 2020

464

India's population (million) in the age-group of 15-34, 2021

29

India's projected median age, 2020

3.6

India's projected consumer spending (US\$, trillion), 2020

more people.  
more speech. **more batteries.**

795

India's wireless subscriber base (million), 2013

90

India's smartphone penetration (million), 2013

4.06

Number of telecom towers (lakh) in India, 2013

~40

The % of India's telecom towers that encounter load shedding of more than 12 hours per day

1,145

India's estimated mobile subscriber base (million), 2020

520

India's estimated smartphone penetration (million), 2020

5.71

Number of estimated telecom towers (lakh) in India, 2016

50

The % of rural towers that are projected to be run on hybrid power by 2015

more IT literacy.  
more computer users. **more batteries.**

210

Number of internet users in India (millions), September, 2013

1

India's e-commerce industry (US\$, billion), 2014 (estimated)

4.1

The % contribution of internet-to-GDP in India, 2010

<1

India's IT spend as a % of GDP, 2013

330

Estimated number of internet users in India (millions), 2016

76

India's e-commerce industry (US\$, billion), 2020 (estimated)

5.6

The estimated % contribution of internet-to-GDP in India, 2016

2.5

Global average IT spend as a % of GDP, 2013

more prosperity.  
more banking. more batteries.

74

Number of ATMs in India per million people

0.9

Number of ATMs (lakh) in India, June, 2012

10

The % of credit-to-GDP ratio of every district, 2013

40

The % of Indian citizens with functional bank accounts, 2013

200

Number of ATMs in China per million people

2

Number of ATMs (lakh) estimated in India, 2016

50

The % of credit-to-GDP ratio (projected) of every district, 2020

100

The % of Indian citizens (recommended by RBI) above 18 years with full-service bank accounts, 2016

65

The estimated % of new ATMs in Tier II and III cities, 2016

30

The % of total term-life-insurance-sum-assured-to-GDP ratio of each, 2013

80

The estimated % of total term-life-insurance-sum-assured-to-GDP ratio of each, 2020

The data in Page 2-4 is taken from various sources



Karakambadi, Tirupati

Men at work at the pasting section

# 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.

# 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.

## innovation

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

## excellence

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

## entrepreneurship

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

## experiences

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

## responsibility

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

# our past. a good foundation for the future.

## Business growth

### Net revenue (₹ million)

09-10	14,645
10-11	17,611
11-12	23,645
12-13	29,589
13-14	34,367

Revenue growth

**16.15%**

Over 2012-13

**21.22%**

CAGR over 5 years

### EBIDTA (₹ million)

09-10	2,965
10-11	2,588
11-12	3,570
12-13	4,658
13-14	5,758

EBIDTA growth

**23.61%**

Over 2012-13

**22.87%**

CAGR over 5 years

### Net profit (₹ million)

09-10	1,670
10-11	1,481
11-12	2,151
12-13	2,867
13-14	3,674

Net profit growth

**28.16%**

Over 2012-13

**35.48%**

CAGR over 5 years

## Shareholder value accretion

### Earnings per share (₹)\*

09-10	9.78
10-11	8.67
11-12	12.59
12-13	16.78
13-14	21.51

\* For face value of ₹1 each

Earnings per share growth

**28.16%**

Over 2012-13

**35.48%**

CAGR over 5 years

### Book value per share (₹)\*

09-10	31.83
10-11	37.82
11-12	48.21
12-13	62.05
13-14	79.78

\* For face value of ₹1 each

Book value per share growth

**28.58%**

Over 2012-13

**27.43%**

CAGR over 5 years

### Market capitalisation (₹ million)

09-10	14,024
10-11	16,206
11-12	25,007
12-13	46,743
13-14	67,368

Market capitalisation growth

**44.13%**

Over 2012-13

**84.75%**

CAGR over 5 years



Amara Raja has not tapped the equity market even once during its high-growth phase that commenced in FY01. Market capitalisation grew at 84.75% CAGR over five years enhancing shareholders wealth.

## Business returns

### Return on assets (%)

09-10	44.51	
10-11	34.61	
11-12	45.76	
12-13	59.75	
13-14	64.56	
		<b>ROA growth</b> <b>481bps</b> Over 2012-13 <b>2,005bps</b> Over 2009-10

### ROCE (%)

09-10	37.12	
10-11	30.52	
11-12	36.48	
12-13	37.67	
13-14	38.45	
		<b>ROCE growth</b> <b>78bps</b> Over 2012-13 <b>133bps</b> Over 2009-10



### National Award for Excellence in Cost Management

Jayadev Galla, Vice Chairman and Managing Director receiving the National Award for Excellence in Cost Management for the year 2012 of Institute of Cost Accountants of India from Mr. Sachin Pilot, Former Hon'ble Union Minister of State for Corporate Affairs, Government of India

# our journey continues.



*dear friends,*

The Company's product sales are climbing; brands have been a resounding success; factories are buzzing with activity; people are happy and you, the shareholders, are satisfied.

Logic says we should be content. Rationality guides us to make incremental investments. Prudence advises cautious aggression.

At this crucial juncture, we can either be satisfied with the bountiful returns; or undertake the challenge of doing the extraordinary that transforms the perception of the brand and the corporate in the minds of the stakeholders and the sector as a

whole. Here at Amara Raja, we have opted for the latter option. Case in point: we initiated our largest capacity augmentation exercise at a time when most corporates chose to put their capex investments on the backburner.

Because Amara Raja has relentlessly attempted to outperform the prevailing growth averages. And has inevitably made it happen through a combination of superior product quality, distinctive positioning, attractive price-value proposition, enduring OEM customer relationships, deeper distribution network, prudent fiscal management and a proactive ability to invest ahead of the curve.

The efficacy of this approach is reflected in the superior numbers that Amara Raja posted in 2013-14 – 16.15% increase in revenues, 28.16% in profit after tax, growth in return on capital employed by 78 bps - even as the Indian economy reported its second slowest growth of the last 10 years in 2013-14.

## Recharged

Recharged – this single word aptly sums up the energy within Amara Raja's team, which provides assurance that our largest capacity augmentation investment will turn out to be an unprecedented success. For it is not



“What has worked for Amara Raja in the recent past will continue to work over the foreseeable future with one difference – the scale and urgency will increase, translating into larger value in the hands of all those who own shares in our Company.”

**Dr. Ramachandra N Galla**  
Chairman

only about more batteries, but about batteries with new applications. It's about novel processes, sophisticated technologies, and state-of-the-art equipment. It's about entrenching deeper inside existing markets. It's about establishing a foothold in new sectors. It's about doing things considered inconceivable until yesterday. It's about living our ethos – Gotta be a better way!

And this was the only way forward for Amara Raja. For it was the need of the hour!

**Economic demand:** The newly elected Central Government with its emphasis on development is acting as a harbinger of economic resurgence. This will

trigger increased power consumption, widening India's power deficit, which should significantly increase the demand for batteries.

**Brand demand:** Over the last decade, our battery brands Amaron®, PowerZone™, Amaron Volt™ Quanta®, Power Stack® and Power Sleek™ have established a reliable recall around availability and performance. With our plants already operating at stretch utilisation, product availability would have been hampered as demand is expected to accelerate over the next four or five years, making it imperative to invest in sizeable additional capacity.

**Customer demand:** Having gained the preferred partner status with large and respected corporates (i.e. Indus Towers, Honda, Maruti, and Hyundai, among others) – a marginal capacity increase was never an option.

**Consumer demand:** India's aftermarket is growing across every vehicle category. Two-wheelers increased their penetration from 11.7% to 21.0% over 2001-2011; rural penetration more than doubled to 14.3% while urban penetration grew from 24.7% to 35.2%. Four-wheeler penetration increased from 2.5% to 4.7% over 2001-2011. India's preference

“We continue to build our capability matrix for we truly believe that there is always a ‘Gotta be a better way’ in delivering stakeholder delight.”

**Jayadev Galla**  
Vice Chairman and Managing Director



for Amaron® (for its superior field performance and value-proposition) increased proportionately, resulting in Amara Raja emerging among leaders in the niche aftermarket space. Hence, a large new capacity commissioning was inevitable.

**Shareholder demand:** Delivering consistent returns and ensuring improved profitability for the shareholders is an unwritten rule at Amara Raja. We have lived up to our commitment in the past, delivering consistently healthy returns, in good times and bad. We have strived tirelessly to sustain this reputation. Our greenfield and brownfield capital investment is an important initiative in staying true to this commitment.

### Excitement

At Amara Raja, our excitement knows no bounds. We view our ₹7.50 billion expansion as business-transforming – as great things are happening across the organisation. For example, at our new facility, we will be launching new products for diverse user applications (Home UPS and solar applications), we are installing best-in-class environmental management system and ventilation solutions, we will use robotics for routine assembly-line activities; we expect to leverage best-practices at our existing and new facilities.

We are working on new products for existing and new applications. We are working in creating markets. It is very

encouraging to see the passionate involvement of every member of the Amara Raja team with a single-minded focus in taking the Company to new heights.

### Cautious Optimism

Concerned well-wishers may feel we are going overboard, having peaked too early. We wish to assure our stakeholders that this significant expansion will not compromise their interests for we have ring-fenced our investments with de-risking strategies.

**The investment** has been financed entirely from accruals and no debt through which we hope to retain business profitability.



**Our investment** has been phased; one section was commissioned in January 2014 and the other is scheduled to go on stream by end-2014.

**Our planned** fungibility will make it possible to shift from one product to another in line with market requirements.

**Our new** capacities will enable us to address the requirement of new applications and allow us to strengthen our global presence.

In doing so, we are optimistic of having created the foundation for a larger and stronger company empowered to address the projected economic resurgence expected to manifest itself

across the foreseeable future. In doing so, we hope to enhance shareholder value.

### Acknowledgments

On behalf of the Company, we take this opportunity to convey our sincere appreciation to all our shareholders and express our gratitude to the government and its agencies, our joint-venture partner Johnson Controls Inc., customers, employees, channel partners, bankers and our suppliers.

*With warm regards,*

*The Management.*



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In the backdrop of a subdued economic and business environment, it has become important for a corporate to provide a narrative, which showcases its ability to sustain its growth in good times and bad, which provides complete, fair and balanced information of business operations, which empowers shareholders to make an informed decision to remain invested - a review titled **Management Discussion and Analysis**.



a real

# sense

of our performance and plans

## Global economy

The global economy remain subdued as global GDP growth decelerated for the third year – 3.9% in 2011 to 3.1% in 2012 and 3% in 2013. Most developed economies addressed the reality through appropriate remedial fiscal policy action. Besides, a number of emerging economies, which had already experienced a debilitating slowdown in the past two years, encountered new domestic and international headwinds during this period.

**Prospects:** Looking ahead, global growth is projected to strengthen to 3.6% in 2014 and 3.9% in 2015 (Source: IMF April 2014). Global activity is expected to improve during 2014-15, with much of the impetus coming from advanced economies. Many emerging market economies account for more than two-thirds of global growth and their output growth is likely to be lifted by exports to advanced economies.

**Challenge:** Global recovery is still fragile despite improved prospects with significant downside risks. Among old risks, those related to emerging market economies increased. According to the Global Financial Stability Report, rapid normalisation of the American monetary policy or renewed bouts of high risk aversion on the part of investors could result in further pain (Source: IMF, April 2014).

## 3<sup>rd</sup> biggest

India became the world's third biggest economy in terms of purchasing power parity (PPP), according to a World Bank report, rising from the tenth position in 2005 (Source: *The Economic Times*, April 30, 2014).

### Indian economy

India's economic growth of 4.7% in 2013-14 was marginally higher than the previous year due to an improved performance in the agriculture and allied sectors.

The slowdown was primarily due to an unsupportive external environment, regulatory policy logjam, structural constraints and inflation. Despite these challenges, there were positives which provided a foundation for resurgence:

**The** current account deficit contracted; the fiscal deficit target was met

**India** implemented substantive measures to narrow external and fiscal imbalances, tighten monetary policy, move forward on structural reforms and address market volatility to reduce vulnerability

**India** built upon its foreign exchange reserves

The Indian economy is placed better than what it was in 2013. A dynamic government at the Centre strengthens optimism of robust economic growth, which is projected at 5.6% in 2014, rising to 6.0% in 2015 (Source: RBI).

### User sectors

**Telecom:** India's telecom industry posted a 10.1% revenue growth in 2013-14 from 8.6% in the previous fiscal despite intense competition and call rates declining to an all-time low. The improvement was largely a result of growth in the wireless subscriber base, reduced churn levels and an improvement in revenue realisation.

More importantly, 2013-14 will be regarded as a transformational year for the industry. The uncertainty of the previous years ended with fresh spectrum auctions taking place. The Department of Telecom, Government of India, announced significant initiatives - revision of the 'tower rollout policy' and the 'mergers and acquisitions

**Chilling plant cooling towers**

New plant at Nunegundlapalle village





**10.4% rise** India's per capita income at current prices during 2013-14 was estimated at ₹74,920 compared with ₹67,839 during 2012-13, a rise of 10.4%.

policy', which permitted 100% FDI in the sector. Spectrum auction in the last quarter of FY 2013-14 enhanced a clarity for sectoral expansion.

**HUPS:** An estimated 17 states witnessed significant power supply shortages in 2013-14. As per CEA estimates, South India experienced a power deficit of 19.1% in 2013-14 compared to a 15.5% deficit in 2012-13. This unreliable power supply made UPS backup a critical aspect of technology-led operations, strengthening demand for UPS batteries.

**Automotive OEMs:** The domestic passenger vehicle industry, pegged at 2.5 million units in 2013-14, declined by 6.1% over the previous year as all three sub-segments (passenger cars,

utility vehicles and vans) experienced a demand contraction despite an excise duty cut and the introduction of 101 models (35 completely new).

Demand had declined over two years (FY2012-14) due to a sharp increase in the cost of ownership while growth in real per capita income declined to an average of 4%. However, the domestic two-wheeler industry recorded a sales volume of 14.8 million units in 2013-14, a growth of 7.3% over the previous year.

**Automotive replacement:** The demand for batteries from this segment continued to register healthy growth due to the addition of vehicles. Besides,

battery usage increased (due to road congestion and the need to optimise fuel consumption) resulting in faster battery replacement.

With the automotive battery being recognised as a critical component, users show an increasing preference for branded products.





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BUSINESS  
DIVISION 01



# industrial battery division



**900** Mn AH

Capacity of large VRLA batteries  
(Standard Equivalent units per annum)

**3.0** Mn

Capacity of medium VRLA batteries  
(Standard Equivalent units per annum)

Overview	Products	Distribution network	Customers	Niche features
<p><b>Manufacture</b> batteries for the telecom, UPS, railways, solar and power utility sectors</p> <p><b>Manufacturing</b> facility is ISO 9001 and ISO 14001-accredited</p>	<p><b>Product</b> ranging from 7.2 Ah to 5,000 Ah under multiple brands</p> <p><b>Amaron Volt™</b> (Telecom, data centres, power, oil &amp; gas)</p> <p><b>Power Stack®</b> (Telecom, data centres, power, oil &amp; gas, Indian Railways, solar)</p> <p><b>Quanta®</b> (UPS applications)</p> <p><b>Power Sleek™</b> (Wireless telecom, UPS applications)</p>	<p>Largely a B2B model</p> <p><b>100 AQuA</b> channel partners facilitate the reach for UPS batteries across the country</p>	<p><b>Key customers include</b> Indus Towers, Viom Networks, ATC, Bharti Infratel, Bharti Airtel, Vodafone, Aircel, BSNL, Indian Railways, Schneider, Emerson, Numeric, Delta, DB Power among others</p>	<p><b>Partnered</b> Bharti Airtel for its African, Sri Lankan and Bangladesh network expansions as the vendor-of-choice</p> <p><b>Entered</b> into a strategic supply partnership with leading telecom tower companies and operators.</p> <p><b>Devised</b> innovative product solutions for ever-changing customer needs</p>

## Business in 2013-14

**Received** the 'Platinum Award' for 'Partner of the Year' from Indus Towers Limited

**Commissioned** the new MVRLA plant at Nunegundlapalle village, Bangarupalyam Mandal, Chittoor district and expanded LVRLA plant capacity at Karakambadi, Tirupati

**Improved** quality of business through better product mix

## Strengthening the business

### 01 Making the operations more competitive

**Improved** LVRLA plant productivity through de-bottlenecking in the pasting area; this reduced the first charge failure rate and scrap generation in assembly lines

**Implemented** important small group activities for optimising energy consumption and costs

**Implemented** safety measures (including to-and-fro transportation) to minimise absenteeism during agitation for the bifurcation of Andhra Pradesh

**Implemented** the gravity lead pot concept, which optimised energy and lead consumption

**Commissioned** the capacity augmentation of LVRLA batteries at Karakambadi, Tirupati

## What's new at our new unit?

- Installing the gravity lead pot concept in the grid formation unit for all plants
- Utilising a robot for labour-intensive operations
- Automating battery movement between assembly-formation finishing

**Transferred** three MVRLA lines from the existing to new unit; commissioned two new lines at that site; the line at Tirupati will be transferred in the second quarter of 2014-15, which will enhance MVRLA capacity further

**Appointed** a global expert to design the new plant as per international environmental standards

### 02 Making our brand more compelling

**Developed** and soft-launched batteries for DG start application

**Broad-based** the product range of UPS batteries; added 120 Ah and

150 Ah batteries to the portfolio to cater to wider applications

### Medium-term optimism

**Telecom:** This sector offers a growth opportunity for the following reasons:

**The country's** telecom tower base is expected to increase from 4.06 lakh units in 2013 to 5.71 lakh units by 2015 (Source: *Telecom and Network Communication Today*, November 14, 2013).

**Increase** in tower sharing by telecom service providers (cost optimisation strategy) has increased the energy

requirement per tower (hence battery bank capacity).

**Mobile** data traffic increased by 87% in 2013 due to an increase in 3G usage (Source: *News & Analysis of Digital Media in India*, March 31, 2014), a trend that is only expected to increase as smart phone penetration grows from 10% or 90 million devices in 2013 to 45% or 520 million devices by 2020 (Source: *Ericsson report*).

**The regulatory** norm to reduce CO<sub>2</sub> emission could elevate batteries to the status of being the primary power source for cell sites.



#### Inauguration of new plant

Mr. Brian Kessler, President Power Solutions, Johnson Controls Inc. lighting of the lamp, while Chairman looks on, at the inaugural function of new plant at Nunegundlapalle village.

## 200,000 ATMs

According to the report titled 'Indian ATM Industry: Gearing Up for the Next Phase of Growth', the number of ATMs stood at 99,218 in June 2012 and is expected to reach 200,000 ATMs by 2016.

**BFSI:** The RBI issued banking licences to two out of 25 NBFC applicants, with more approvals expected in the short-term. As part of the new licensing norms, new banks must open at least 25% of their branches in un-banked rural centres, which is expected to drive backup power demand.

**ATMs:** The country's ATM rollout is expected to increase following favourable regulatory policies; this is expected to catalyse the demand for batteries.

**The government** directive (Union Budget, 2013-14) that each Indian public sector bank branch must have an ATM by March 2014.

**The recent** RBI permission to non-banking financial institutions to set up their own White Label ATMs (WLAs) in semi-urban and rural areas.

According to the report titled 'Indian ATM Industry: Gearing Up for the Next Phase of Growth', the number of ATMs stood at 99,218 in June 2012 and is expected to reach 200,000 ATMs by 2016. About 50-65% of new ATMs will

be deployed in Tier-II and III cities; ATM rollout in Tier-I cities will grow at a rate of around 20%.

**IT/ITeS:** India emerged as a key destination for the global sourcing of IT and ITeS, accounting for around 52% of the global sourcing market during 2012-13 (*Source: Dun & Bradstreet: IT & ITeS sector Outlook 2014*). With cost optimisation being the key focus of developed and other large economies, IT and ITeS is only expected to increase. NASSCOM has envisaged the Indian IT/ITeS industry to achieve a revenue target of US\$ 225 billion by 2020. The

### LT, Compressor and RO and DM Plant

External view of the LT, Compressor and RO and DM Plant - new plant at Nunegundlapalle village





**Aerial view of new facility**

Amara Raja's new facility at Nunegundlapalle village

indispensability of IT platforms across functions and organisations is expected to grow the relevance of backup power.

**Retail:** According to a YES Bank-Assocham study, India's retail market is likely to touch a whopping ₹47 lakh crore by 2016-17, expanding at a compounded rate of 15% annually. Organised retail, which comprised a meagre 7% of the retail market in 2011-12, is estimated to grow at a CAGR of 24% to claim a 10.2% share of the retail market by 2016-17; this is expected to increase the demand for backup power.

### Amara Raja's growth strategy

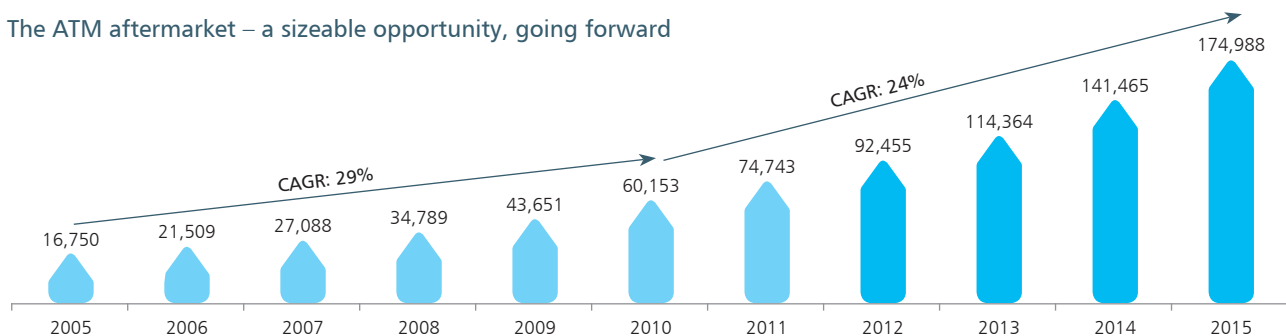
Amara Raja's blueprint for the medium-term comprises increasing the offtake in existing user segments while seeking to enter new business spaces where backup power is emerging as a critical necessity.

**Telecom:** The focus is on nurturing strong strategic relationships with key customers and developing innovative product solutions that support the energy efficiency drive of tower companies.

**UPS:** The broad-based product range is expected to add to sales volumes. The Company selected key sectors where it devised strategies for strengthening its presence.

**New business spaces:** The Company is also looking to establish a strong footprint in the solar battery space. The initial test-marketing of its products have generated heartening customer response.

The ATM aftermarket – a sizeable opportunity, going forward



(Source: Edelweiss IB Estimates; Assumed a 24% growth rate for the period 2012-2015)



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BUSINESS  
DIVISION 02



# automotive battery division



6.00 Mn

Capacity of four-wheeler batteries  
(Standard Equivalent units per annum)

8.40 Mn

Capacity of two-wheeler batteries  
(Standard Equivalent units per annum)

Overview	Products	Distribution network	Customers	Niche features
<p><b>Commenced</b> operations in 2000 with technology from Johnson Controls Inc. USA</p> <p><b>Manufacturing</b> facility is QS-9000, ISO-14001 and TS- 16949 certified</p>	<p><b>Passenger cars:</b> Amaron® Pro, Amaron® Flo, Amaron® Go, Amaron® Black and Amaron® Fresh</p> <p><b>Commercial vehicles:</b> Amaron® Hiway</p> <p><b>Tractors:</b> Amaron® Harvest</p> <p><b>Two-wheelers:</b> Amaron Pro Bike Rider™</p>	<p><b>Amaron® network</b> comprises 294 franchised distributors, including 25,000-plus retailers</p> <p><b>PowerZone™ network</b> comprises 1,100 retail outlets ensuring widespread semi-urban and rural presence</p>	<p><b>Major OEM customers:</b> Ford, Maruti Suzuki, Hyundai, Honda, M&amp;M, Tata, Volvo, Eicher, Daimler Benz, Tafe Tractors, Isuzu Motors among others</p> <p><b>Major private label customers:</b> Bosch, Lucas, Cummins and AC Delco</p> <p><b>Leading player</b> in the aftermarket segment among four-wheelers</p>	<p><b>Battery</b> supplier to the entire 'Comfort Delgro' taxi fleet in Singapore</p> <p><b>100%</b> share of business with Ford India and Daimler Benz</p> <p><b>100%</b> share of business in Maruti A-Star exports and Hyundai EON</p> <p><b>First</b> supplier of batteries to Mahindra and Mahindra for Scorpio micro hybrid vehicles</p> <p><b>First</b> to introduce zero maintenance four-wheeler batteries and VRLA two-wheeler batteries</p> <p><b>First</b> to provide extended warranties to consumers</p>

## Business in 2013-14

**Increased** sales volumes of automotive aftermarket four-wheeler batteries by 12% over 2012-13

**Maintained** OE volumes through strong business relations with high-growth OE brands, despite a decline in OE production

**Facilitated** healthy growth in aftermarket volumes with deeper penetration

**Grew** exports by 35% due to the implementation of region-specific marketing strategies

**Increased** sales volumes of two-wheeler batteries by 63% over 2012-13; the after-market segment grew by more than 30% over the previous year

**Commenced** despatches of batteries to Two Wheeler-OEM Honda Motorcycle & Scooter India Pvt. Ltd. during the year

## Strengthening the business

### 01 Making the operations more competitive

**Improved** four-wheeler battery productivity through various initiatives which include de-bottlenecking the oxide unit, removing all non-value adding shopfloor activity through Lean and Six Sigma projects

**Improved** productivity of the two-wheeler plant by identifying and

## What's new at our new four-wheeler unit?

**Expanding** the range of products with the expanded metal technology for manufacturing negative plates for optimising lead consumption and improving product quality  
**Designed** the plant to meet international environmental norms.

plugging procedural gaps and eliminating non-value-adding shopfloor activity

**Instituted** a task force for implementing projects to improve safety and environmental standards

**Added** three production lines for two-wheeler batteries, which commenced operations in March 2014

### 02 Making our brand more compelling

**Filled** the product range gaps, which increased business volumes

**Sustained** investment in brand-building and below-the-line marketing activities

**Strengthened** the distribution network to 25,000+ retailers to establish a presence across all Tier-II and Tier-III towns

**Implemented** strategic moves to counter competitive forces and strengthen the value-proposition for customer

**Strengthened** presence in key global markets and forayed into new markets

### Medium-term optimism

Estimates suggest a sectoral resurgence over FY2014-17 as the two biggest factors that influence automobile demand - per capita income and ownership cost – are likely to turn favourable. Passenger vehicles are expected to report sharper volume growth than two-wheelers due to pent-up demand and lower penetration.

**Passenger cars:** The new Indian Government is clearing economic roadblocks, which is expected to enhance consumer confidence and

catalyse car purchase. Moreover, important steps have been taken to optimise the cost of ownership of passenger cars.

**In February 2014**, excise duty on small cars was reduced from 12% to 8%; on mid and large-sized cars, it was brought down from 24% to 20% and 27% to 24%, respectively.

**Diesel** price subsidies declined to a historic low. The government is mulling a slow but steady increase in prices of other subsidised petroleum products of mass consumption, which is expected to stabilise the price of automotive fuel (petrol and diesel) shoring the demand for passenger cars.

The sectoral optimism was reflected in the Auto Expo 2014, which witnessed nearly 70 launches/concept unveilings,



#### Charging station

Charging of two-wheeler batteries at Karakambadi, Tirupati

# 50% population

Proportion of India's population below the age of 25; more than 65% of its people are below 35 years.

compared to the earlier edition where about 47 vehicles were showcased and launched.

**Commercial vehicles:** The Indian Government targeted a US\$1 trillion investment in infrastructure as part of the Twelfth Five Year Plan (2012-17), which can catalyse the demand for commercial vehicles. Besides, Society of Indian Automobile Manufacturers is pushing for a fleet modernisation programme. Under the scheme, about 3.9 million trucks (more than 10 years old) would be replaced with new fuel-efficient variants.

**Tractors:** Long-term industry drivers

continue to remain favourable. The Indian Government remains committed to rural development and agri-mechanisation; besides scarcity of farm labour, healthy credit availability, moderate penetration and a shortened replacement cycle have catalysed tractor demand.

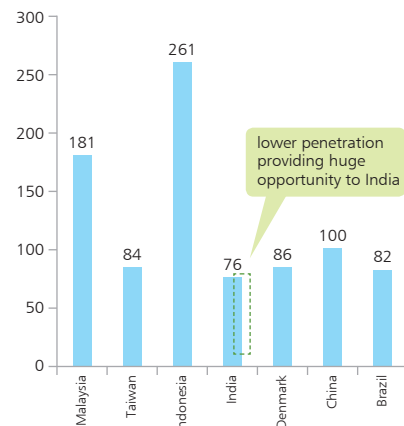
Growing at a 9% CAGR, India's tractor population could reach 13 million units (excluding tractors required for purely commercial purposes which would be an additional 2-4 million units) by 2024-25. At 13 million units, tractor penetration (HP/ha) would increase to 3.4 times, comparable to the current

tractor penetration levels in developed countries.

**Two-wheelers:** Despite being the second largest manufacturer of two-wheelers, India remains under-penetrated compared to other emerging markets, which could correct over the next few years for the following reasons:

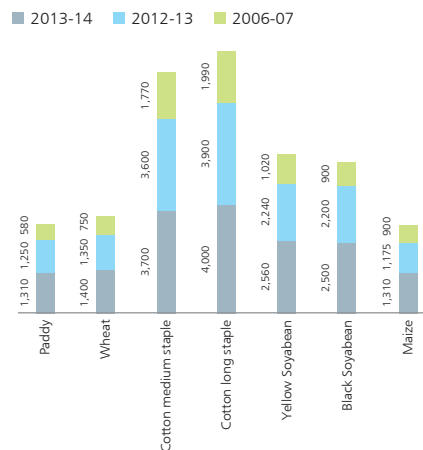
**Rising young population:** India has about 50% of its population below the age of 25 and more than 65% below the age of 35. The current median age of 26.7 is expected to reach 29 by 2020.

Two-wheeler penetration (per thousand person) in CY13



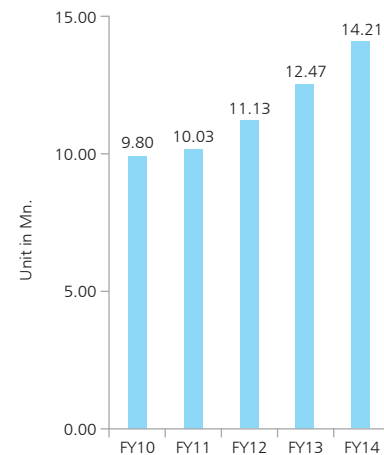
Source: World Bank

Minimum support prices of various agricultural commodities (₹ per quintal)



Source: Ministry of Agriculture

Aftermarket potential (Four-wheelers)



**Charging area**  
Automotive battery division at Karakambadi, Tirupati



**Rising rural income:** The government shifted its focus towards rural sector development. The government's crop price support policy over the last five years has led to higher rural incomes.

### Aftermarket

Every vehicle added on Indian roads creates an aftermarket opportunity as batteries need to be changed every few years. So while OE demand extends only to assembly, the aftermarket demand stays upbeat across useful asset life, making the aftermarket a significantly larger opportunity. And while the OE market may experience volatility consequent to economic and business

cycles, the aftermarket growth rate remains relatively stable.

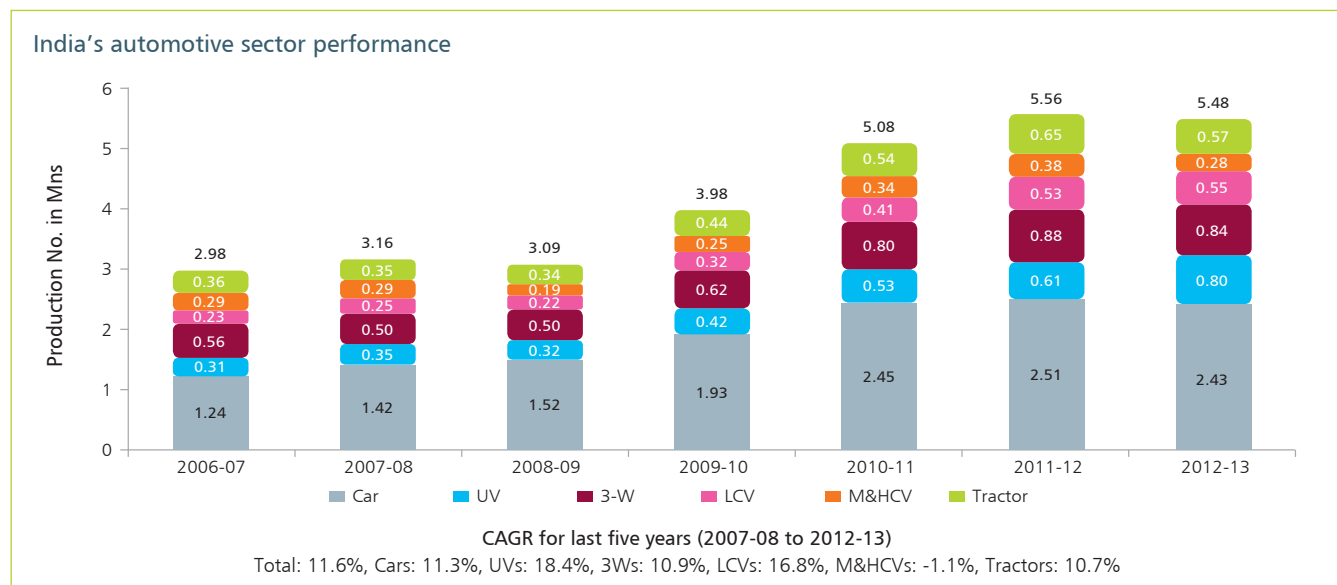
Since the battery is a critical component in every automobile (including a two-wheeler), long life and reliability are the most important factors influencing purchase. With the organised sector providing a superior value-proposition, there is an increasing shift towards branded batteries in the aftermarket segment.

### Amara Raja's strategy

**Aftermarket:** The Company's significant presence in the aftermarket segment de-risks it from sectoral cyclicality. Going forward, the Company will continue to

strengthen its distribution network by entering areas where its penetration is low, filling gaps in its product range and ensuring supply chain efficiency. Moreover, the Company will continue to invest in brand promotion and ground-level initiatives to develop a stronger bond with customers, retailers and distributors.

**OE market:** While the aftermarket is the key revenue earner, the Company is also working to forge stronger relationships with leading and reputed OE players in the automotive market, which will increase its brand preference at the time of replacement.



(Source: SIAM)

# 01 BUSINESS DRIVER

## supply chain

A standby battery is critical across applications. This criticality makes it imperative to replace non-functioning batteries immediately.

Addressing this 'now' is what makes supply chain efficiency crucial to the success of a battery manufacturer. The supply chain challenge has become even more complex especially for Amara Raja for the following reasons:

**The Company** services more than 1,200-plus channel partners pan-India as well as the distributors spread across the Indian Ocean Rim

**The Company** services the diverse needs of leading OEMs in the automotive, UPS and telecom sectors

The success of Amara Raja in this field is reflected in the Company's positioning – a supplier preferred among leading OEMs and a brand preferred by among discerning individuals.

Moreover, the supply chain team is responsible for aggregating various inputs from multiple sources within India and globally to its manufacturing facilities.

**Raw material sourcing:** Lead and lead alloys are the most critical components for battery manufacture by value. The Company maintains a prudent balance between importing lead and sourcing it from domestic lead producers. The Company actively maintains

procurement synergies with its joint venture partner – Johnson Controls Inc. USA -- to improve procurement efficiency.

The Company strengthened its material sourcing capability. It secured supply agreements for the entire volume of key inputs in line with its business plan. The Company also strengthened its vendor team for ensuring seamless material sourcing for its expanding capacities.

**Logistics:** The team focuses on reaching products to its destination with speed to adhere to delivery schedules and in a cost-effective manner to counter inflation. The challenge lies in handling close to 100 vehicles daily for inbound

### Operational excellence

Amara Raja received the 'Operational Excellence in Warehousing' award at the 3rd Asia Manufacturing Supply Chain Summit



and outbound traffic to more than 300 destinations with efficient systems and processes in place through our distribution networks.

**Road transport:** The Company transported finished products through commercial vehicles. The continued diesel price rise in 2013-14 consequent to diesel price de-regulation further complicated the challenge of optimising logistics costs.

Over the last 24 months, the team undertook a number of initiatives to strengthen its logistics backbone.

**Extended** business relations from brokers to vehicle-owners; expanded the broker and vehicle-owner network – ensuring increasing vehicle availability

**Forged** business relations with reputed transporters serving a particular region to ensure timely consignment delivery

**Provided** a detailed shift-wise, weekly schedule of vehicle requirements to every transporter providing them with the adequate opportunity to arrange for vehicles

**Consistently** maintained a high load factor – in excess of 90% - optimising logistics cost per battery

**Strengthened** adherence to the payables against proof-of-delivery approach

**Institutionalised** an appraisal system for all transporters and rewarded the superior performers

**Automated** the document management system which reduced the vehicle waiting time to a quarter of the earlier levels

**Successfully** created a network of transporters to address demand round-the clock

**Implemented** a solution which automated the shipment note; it provided an SMS alert from the distribution centre to the franchisee(s) detailing the material despatch date, vehicle number and the tentative arrival date

To optimise logistics costs, the Company increased the transportation of consignments via rail which involved strategic planning and accurate scheduling. Substantial in-bound despatches were transferred via rail in 2013-14.

**Shipping:** The Company shifted its focus to deal directly with shipping liners instead through freight forwarders. This entailed analysing the key routes used for its exports, identifying the best liner for each route and entering into medium-term contracts with them, optimising shipping costs. Having been awarded with the Star certification, the Company leveraged its export/import benefits from the government to guarantee unhindered movement of material through ports.

## 02 BUSINESS DRIVER

# quality management

Amara Raja carved a niche through an emphasis on qualitative consistency, a fact reflected in its longest warranty batteries.

Building quality culture across all levels and at all functions is the key for our success. The Company institutionalised Continuous Improvement (CI) and Lean Implementation programmes in addition to the use of TPM, QCC, Visual Management, 5S, Industrial Engineering (IE) studies and Lean Six Sigma. It benchmarked operational practices with the plants of Johnson Controls Inc.

### 2013-14 in retrospect

The Company continued to improve resource utilisation and minimise in-process rejections by leveraging quality techniques (QC, Six Sigma and Kaizen) across all facilities. Moreover,

low-cost automation projects and small group activities helped minimise failures. About 235 projects have been implemented, which are expected to enhance efficiencies and quality. Amara Raja implemented automated data logging management system for better traceability and supervision.

The Company always focused on improving the quality systems and their effectiveness. During the year the Company achieved 'B' ranking in 'Alliance Supplier Evaluation Standard' from Renault and Nissan, enabling us to start regular supplies.

### Recognition

'Best Organisation Supporting QC Movement' award (fourth time) along with seven gold awards and two silver awards at regional level

QC competitions by the Quality Circle Forum of India (QCFI)

'Best Organisation Supporting QC Movement' award in the private sector (first time at the national-level) along with four par excellence and four excellence awards from QCFI at the national-level

Two 'EXCELLENCE' awards at international QC competitions (ICQC) organised by the Association of Pioneer Quality Control Research (PQCRA) in Taiwan

'Most Preferred Battery Brand – Telecom' from Frost & Sullivan

'South OME-Energy Award – 2013' from Indus Towers Limited

Platinum award for 'Partner of the Year 2013-14' from Indus Towers Limited for customer-focused approach, service delivery and product innovation

Silver award in the infra equipment category from Indus Towers Limited

Consistent High Quality Performance award from Maruti Suzuki Limited

National award for Six Sigma Project from the Confederation of Indian Industry

Special Award for Best Six Sigma Project from the Indian Statistical Institute



Packing –  
Two-wheeler  
batteries



## 03 BUSINESS DRIVER

# human resource

Amara Raja believes that intellectual capital represents its most valuable asset - from the top floor to the shopfloor. In line with this, the Company positioned employee engagement as a key priority.

Even as the Company increased its presence across various business segments, it formulated HR goals to create an organisation which can be recognised as a 'centre of excellence'. The Company's endeavour was not just to increase its work force in simple numbers, but to ensure that people competencies are enhanced in line with the changing business needs. Consequently, different teams collaborated with each other to create an optimal working culture, industry

best practices were inculcated and an ethically motivated work culture was fostered.

The Amara Raja team comprised an invigorating combination of know-how and liveliness; the average age of the 3,834-strong workforce was 31 as on March 31, 2014

### Team segregation

DESCRIPTION	Numbers	% of total
Permanent employees with disabilities	2	0.03
Employees from weaker sections (BC,SC,ST and OST)	1,977	29.72
Permanent women employees	187	2.81
Other employees not included in any of the above	1,668	25.08
Personnel hired as graduate engineer trainees and management trainees under the Amara Raja Nava Prathibha Scheme	43	0.65
Personnel hired as graduate trainees and diploma trainees under the Amara Raja Nava Prathibha Scheme	36	0.54
Personnel hired as shop floor trainees in manufacturing under the Amara Raja Nava Prathibha Scheme	2,622	39.42
Personnel hired on temporary/retainer basis	116	1.74
<b>Total</b>	<b>6,651</b>	<b>100.00</b>

## Workforce strategy

A comprehensive study of the socio-economic environment, increasing competition and other integral aspects of the day-to-day working of the frontline workforce were anchored during the year. Based on the study, the Company has initiated several focused actions in aid of its frontline workforce to ensure the achievement of Amara Raja's People Strategy. The Company also undertook comprehensive compensation benchmarking studies and other people-related measures to ensure that they adopted appropriate people related decisions in the areas of engagement, development and performance.

## Talent acquisition

The in-house exclusive talent acquisition cell inducted talented personnel to drive growth. The Company's Nava Prathibha programme inducted talent through a structured programme comprising customised induction sessions.

## AR e-induction

The Company's intranet-based e-induction programme enabled the on-boarding of recruits within 72 hours of joining. The modules provided information on the culture, products, processes and milestones, interspersed with quizzes and interactive content.

## Learning and development

Amara Raja's learning and development calendar captured the development needs of employees through performance appraisals, TQM and TPM initiatives. In 2013-14, specific in-house programmes were organised to build technical expertise and soft skills. Employees were nominated for participating in specialised learning and development workshops/seminars organised by external institutions.

In 2013-14, the Company added 33 trainers in the club of internal trainers called 'Guru Club'. Through the Guru Club members and external experts, the Company provided 5,918 mandays

(41,398 man-hours) of training to employees.

## The Amara Raja Way™

Amara Raja continued its journey of institutionalising the Amara Raja Way across the organisation. An interactive e-learning programme called 'ENDEAR' (ENGage, Discover and Experience Amara Raja) was launched. This interactive e-learning program helped in educating employees about the Company, people and policies, CSR activities and 'The Amara Raja Way'. All employees reiterated their commitment to the Amara Raja's Code of Ethics and Conduct by signing a declaration in electronic form.

A book titled 'The Amara Raja Way®'; elucidating the journey of Amara Raja, its core purpose and values, was published for internal circulation. This book was issued to all employees and made a part of the joining kit for all recruits.

The Amara Raja team



A two-day flagship training programme was initiated to educate and train people in 'The Amara Raja Way'. The entire senior leadership team (31 members; DGM, GM, VP, President) was trained in this programme to act as trainers for other members of the Amara Raja family. About 75 internal trainers from other levels of the organisation were also identified and trained in this programme.

### Revamped performance management system

In 2013-14, Amara Raja revamped the performance planning and evaluation system. Role assessment was introduced to enable the comprehensive assessment of individual performance on the role that she/he held. The assessment of attitudes and leader behaviours was introduced across the organisation.

### Employee opinion

The Company conducted a companywide survey AR Speak, to

gauge the perception and engagement of people. There was a rising trend in dimensions like communication, rewards and recognition and role clarity.

### Group communication meet

During the year, the Company conducted a communication meet where results and prospects were communicated. During this meet, the organisation's core purpose, vision and values were discussed. Dr. Ramachandra N Galla, Chairman, Mr. Jayadev Galla, Vice Chairman and Managing Director, and the senior leadership addressed employees. The event was webcast across locations. An open house session provided employees with an opportunity to interact with the apex leadership team.

### Employee advisory forum

In order to elicit employee insights/ ideas/ thoughts, a new initiative called the Employee Advisory Forum was introduced. Participants were randomly

selected, ensuring a prudent mix of grades, locations and genders.

### Internal opportunity and growth plan

To motivate existing talent to work towards career growth and towards better retention, the Company introduced a policy on internal opportunity and growth, which will enable employees with potential to graduate to higher positions and also plug vacancies.

### Internship policy

To create a platform for providing a structured industry learning experience for students from ITIs, engineering and management graduates, an internship policy was introduced during 2013-14. This will help achieve a larger objective of building industry-institution relationships, engage students for short projects and identify potential talent within the Company.



# information technology



The IT function at Amara Raja endeavours to implement emerging IT tools that facilitate seamless data integration, superior business management and real-time decision-making.

The department addresses all the needs of user departments and clients (conception to installation). The central infrastructure and in-house team at Karakambadi addresses the growing information and communication technology requirements despite challenges posed by the remote nature of locations.

## 2013-14 in retrospect

**Increased** bandwidth capacity across all locations

**Reconsidered** architect information communication technology requirements for greenfield projects

**Evaluated** existing software platforms to automate export-import functions

**Completed** software development to format Amaron® franchisee operations

**Developed** internal software packages to address specific business processes for various functions

**Conducted** studies on industry-best IT practices

## Roadmap for 2014-15

**Roll out** software for Amaron® franchisees

**Implement** 'SAP-Success Factors' to automate what has been mostly a people-driven process

**Operationalise** export -import software

**Initiate** business process automation support for finance-shared service centre

**Apply** business continuity planning and safeguards

**Enhance** end-point protection to improve client security

**Review** and implement appropriate mobile device management

## analysis of financial statements

**Fiscal 2013-14** was a year when the Company continued to strengthen its financials and live up to its commitment to grow shareholder value.

**28.16%**

Growth in Profit for the Year  
over 2012-13

**23.61%**

Growth in EBITDA over 2012-13

**16.15%**

Growth in Net revenue from  
operations over 2012-13

### Statement of Profit and Loss

#### Net revenue from operations:

Increased by 16.15% from ₹29,589.15 million in 2012-13 to ₹34,366.59 million in 2013-14. This increase was due to rise in sales volumes across both business divisions.

Net revenue from the automotive division posted a double-digit growth over the previous year. This was due to the following reasons:

**Increased** sale of Honda four-wheelers

**Commencement** of despatches to Honda (two-wheeler batteries)

**Entrenched** presence in the aftermarket

In the industrial battery division, net revenue from operations registered a healthy growth over the previous year. This was primarily due to increased offtake from the telecom and UPS customers. The growth could have been higher had it not been for the shifting of assembly lines from the Tirupati plant to the new facility at Nunegundlapalle.

**Operating expenses:** Operating costs (total expenses less interest and depreciation) as a percentage of total revenue declined from 85.07% in 2012-13 to 83.81% in 2013-14, underscoring

the Company's ability to control costs despite a high-inflation environment. Material costs comprised over 70% of the total operating costs.

**Cost of material consumed:** Increased by 19.36% from ₹17,603.12 million in 2012-13 to ₹21,011.95 million in 2013-14. This was primarily due to significant increase in lead and alloy prices globally; growth in business volumes also contributed to the cost increase.

**Employee expenses:** Expenses under this head increased by 25.42% from ₹1,262.30 million in 2012-13 to ₹1,583.16 million in 2013-14, largely due to increase in the team size for managing the expanded operations.

**Other expenses:** Stores and consumables, power and selling and distribution expenses accounted for a majority of the expenses under this head. Selling and distribution expenses increased over the previous year in keeping with the Company's focus on creating new avenues for selling additional volumes and establishing a presence in new markets. Power and fuel expenses declined largely due to the Company's efforts in optimising fuel consumption through several projects at both the operating units.

## building the balance sheet

### Between end-FY04 and end-FY14...

... the Company's gross block went up 6.20x to ₹9,880 million and net working capital rose 8.40x at ₹6,946 million – these two factors being the key drivers of Balance Sheet expansion (8.9x) between FY04 and FY14.

While the combined gross block and net working capital rose by ₹14,413 million over FY04-FY14, the total loan funds rose by only ₹708 million during the same period, which reflects that its growth was funded entirely through internal accruals.



**Margins:** The Company's superior business management strategies resulted in improved margins despite the subdued economic scenario and a slowdown in key user sectors (automotive and telecom). EBIDTA margin improved from 15.74% in 2012-13 to 16.75% in 2013-14, while net margin stood at 10.55%, representing an increase of 101 bps over the previous year.

### Balance Sheet

**Shareholders' funds:** The corpus under this head increased by 28.58% from ₹10,598.14 million as on March 31, 2013 to ₹13,627.01 million as on March 31, 2014, primarily due to ploughing the operational surplus back into the business. As a result, the book value per share stood at ₹79.78 as on March 31, 2014, against ₹62.05 as on March 31, 2013.

**Non-current liabilities:** It comprises all long-term liabilities, including debt, provisions and deferred tax liability. Long-term debt represents interest-free sales tax deferment loan; balance stood at ₹759.47 million as on March 31, 2014, against ₹773.13 million. Long-term provisions are on account of employee benefits such as gratuity, leave encashment and product warranties.

**Current liabilities:** Represents short-term liabilities which are to be liquidated in the next 12 months such as short-term provision for taxes, dividend etc and other liabilities.

Trade payables declined from ₹1,362.84 million as on March 31, 2013 to ₹1,277.79 million as on March 31, 2014, despite an increase in the business volumes. This was due to the Company's ability to payoff trade payables faster to avail cash discounts

# 16.75%

**EBIDTA margin** in 2013-14 against 15.74% in 2012-13; net margin stood at 10.55% in 2013-14, representing an increase of 101 bps over the previous year.

Besides, the Company has not tapped the equity market even once during its high-growth phase that started in FY 2001. The 50% jump in issued equity capital (in FY 2007) was entirely on account of a 1:2 bonus share.

More importantly, the promoters' reluctance in diluting their stake represents a watermark of their confidence in the Company's robust business model.

and also to strengthen the vendor relationship.

Short-term provisions primarily comprise the provision for income tax and proposed dividend for 2013-14, which are expected to be paid in the current year.

**Non-current assets:** Fixed assets are the key sub-heads under this segment and represent the Company's critical edge in manufacturing. Fixed assets jumped 74.37% from ₹3,554.97 million as on March 31, 2013 to ₹6,198.94 million as on March 31, 2014, consequent to the part-commissioning of the new greenfield unit. The capital work-in-progress largely represents units at the new facility expected to be commissioned by the end-2014.

**Current assets:** It represents assets created during the course of day-to-day business, namely inventory, trade receivables as well as cash and bank balances. Current assets increased by 3.32% from ₹12,568.52 million as on March 2013 to ₹12,986.10 million as on March 31, 2014. While inventory and trade receivables increased in line with the increase in net revenue from operations, cash and bank balances as on March 31, 2014 declined significantly – cash being used for funding the Company's capital expenditure.

### Internal controls

The Company believes that business efficiency, management effectiveness and asset safeguarding can be sustained through adequate internal control and process standardisation. At the Company, internal control is exercised through the following initiatives:

**Accurate** and timely recording of transactions with multi-layered checks

**Consistent** accounting policies and practices; compliance with prescribed accounting standards

**Control** reviews of long-term plans, annual budgets with mid-course correction

**Critical** operational and security controls in the ERP platform

**Documented** policies and guidelines

**Initiatives** in line with statutory requirements

**Constant** monitoring by internal control personnel

**Audits** and reviews by independent professionals

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

# managing business uncertainties

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Amara Raja, a large and respected battery organisation, accords the topmost priority to de-risk the organisation. The Company leverages resident knowledge to strengthen prospects in an otherwise fragmented industry space.

## **T**he economy takes longer to revive which could impact business performance

Amara Raja's position in the battery industry has enabled it to sustain its growth despite economic downturns. In the automotive segment, the Company is among the leading players in the aftermarket segment where demand is economy agnostic and the market size is 3x the OE market. In the industrial battery segment, the Company forged strong relationships with tower companies, which secured the replacement demand from towers. Despite fewer tower rollouts in the past three years, the Company's telecom battery business grew at a healthy pace. Now with the new government at the Centre, it is expected that dynamic and investment-friendly policies will drive industrial growth and the demand for batteries.

## **S**ustaining growth despite a slowdown could be a challenge

Amara Raja's business is spread across diverse user segments and applications; no segment comprises more than 25% of the consolidated topline. More importantly, it has ring-fenced growth by strengthening its position in secured markets.

**The** automotive aftermarket segment grew at a healthy clip in the last decade despite industrial and economic volatility and this is expected to sustain

**Having** earned the preferred supplier status with key telecom tower companies, Amara Raja continues to secure increasing replacement demand despite tower rollouts shrinking, pan-India

**The** Company is developing batteries for new applications (solar applications, home UPS market and new telecom applications) expected to reduce its dependence on any one sector.



## **M**arketing additional volumes could be an uphill task

Capacities are created not to be consumed in one year. More importantly, a large part of the new capacities are expected to come on stream by the close of 2014-15 as India's economic resurgence kicks in. The Company expects to grow its market penetration through the following initiatives:

**Strengthening** its distribution network pan-India

**Nurturing** relationships with corporate customers

**Expanding** its international presence

**New** applications (solar application and home UPS) are expected to generate growing volumes over the next 18-24 months

## **C**ompetition from the unorganised sector could dampen the Company's prospects

In the battery space, unorganised competition is largely visible in the retail aftermarket. In the automotive space, the battery has emerged as a critical assembly hence the individual looks for quality and reliability. Moreover, as the disposable income of the average Indian increases, there is a perceptible shift from the unorganised to the organised due to the superior value proposition provided by organised players. Amara Raja, through superior technology and continuous innovation, has altered the battery space (in terms of extended warranties) leading to an unmatched recall.

## **S**ourcing additional working capital needs could pose difficulties

The Company funded the entire ₹7.5 billion investment in capacity enhancement through accruals. The phased commissioning of the new capacities will generate adequate cash for meeting working capital requirements for the growing business. Besides, the zero-debt status will make it possible for the Company to fund working capital needs through borrowing (if needed).



it just makes sense



Amara Raja's **corporate social responsibility (CSR)** activities reflect its philosophy of implementing sound business practices; innovating to create products that motivate and enthuse; assisting communities in which we operate; helping shape a better, more sustainable society. Amara Raja believes that these activities benefit society and enhance corporate value.



a strong

# sense

of responsibility

## Economic responsibility

**Amara Raja** pioneered the VRLA technology in India; today majority of the batteries used in India utilise the VRLA technology.

**Amara Raja's** path-breaking quick recharge battery for the telecom sector has reduced the reliance on diesel for energising telecom towers thereby reducing CO2 emissions.

**Amara Raja's** business growth has had an incremental impact on the governmental coffers – its contribution

to the State and National exchequer increased from ₹4,125 million in 2008-09 to ₹10,704 million in 2013-14 – increasing at a rate of 21.01% CAGR.

**Amara Raja** selected a rural location for its global-sized plant and equipped it with world-class technology, thus making a meaningful contribution towards uplifting rural India.

**The Company's** batteries for solar application are expected to strengthen the nation's thrust on increasing its

reliance on renewable sources for power generation.

## People responsibility

**Around** 70% of the Company's employees in the manufacturing plants are first-timers coming from poverty-stricken backgrounds.

**The Company** recruited unskilled and uneducated personnel from the nearby areas; institutionalised a training system for inculcating technical and soft skills and enhance their learning curves.

## hillock area of 233-hectares

Amara Raja is developing 233 hectares of hillock area in Pemmugutta, Chittoor district under "Social Forestry and Afforestation Program" for the cultivation of medicinal herbs thereby providing a means of earning a livelihood for 40 tribal families. To expand this project, the Rajanna Trust and Nandan Cleantech Limited, Hyderabad, conducted a baseline survey at the Pemmugutta hill under the Green Cover project to identify suitable land for a Jatropha plantation (ideal for biodiesel production). Under the Blue Sky CSR initiative, the Rajanna Trust continues to extend the green cover at the Pettamitta village involving local communities, school children and employees.

**The Company** introduced its employees to global best-practices like IE Studies, Six Sigma, Kaizen and Quality Circle, which developed their personality and increased their employability.

**The Company's** greenfield facility has increased employment opportunities for people at the bottom of the pyramid.

**The use** of robots for mundane and back-breaking jobs at the new facility (to be later replicated in the existing facility) is a reflection of the Company's commitment to embrace the latest technologies while easing the workload of its team members.

### Health, Safety & Environmental Stewardship

**The Company's** commitment to the environment was reflected in aligning systems and processes to globally stringent standards resulting in Amara Raja being recertified for with Environment Management System – ISO 14001:2004 and Occupational Health and Safety (OH&S) Management System – OHSAS 18001-2007 accreditations.

**The Company's** usage of unique processes (gravity lead pot system in the casting unit) and cutting-edge technology (expanded metal technology for plate making) showcased its commitment to optimising natural resources.

**The Company** implemented small, yet meaningful initiatives for optimising energy consumption - electricity, consumed in KWH per lakh of Ampere-hour reduced from 4,452 in 2010-11 to 4,195 in 2013-14.

**The Company** is revamping the total water distribution system to bring efficiency and effectiveness in the realm of water management with a capex of ₹37 million

**The Company** created a green cover extending across more than 70% in the Company's existing unit – transforming a barren area into one of the greenest facilities in India.

Students of Mangal Vidyalayam at Pettamitta, Chittoor



**The Company** initiated a pilot solar power project of 18KW for street lights.

**The new** plant at Nunegundlapalle village is designed to international standards and provide an industry-best work environment.

**The Company** institutionalised the safety as a way of life with a special focus on safety training for all new workforce members to integrate them into the culture from day one.

### Social responsibility

Amara Raja undertakes its corporate social activities predominantly through the Rajanna Trust, the Mangamma & Gangulu Naidu Memorial Trust (Mangal

Trust) and the Krishnadeva Raya Educational and Cultural Association (KECA). The Company has adopted a policy of contributing 0.2% of its net turnover or 2% of its profits before tax, whichever is higher, each year, to charitable causes.

The Company continues to support the two schools at Karakambadi and Petamitta and a junior college in the Petamitta village. Today, there are a total of 2,250 students being educated at these educational institutions.

The Company, through these Trusts, ensured safe drinking water to the Diguvamagham and Petamitta villages by constructing overhead tanks with

reverse osmosis water treatment plants. Moreover, the Rajanna Trust made efforts to maintain 23 check dams and six lakes, ponds and other water sources to enhance the ground water level across 50 villages of Chittoor district.

The Company implemented a sustainable solution for providing safe drinking water to the Rajiv Nagar panchayat (Tirupati) in 2013-14.



# 10 - Years financials

₹ million

Parameters/Year	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>OPERATING RESULTS</b>										
Net sales	34,367	29,589	23,645	17,611	14,645	13,132	10,833	5,958	3,637	2,199
Profit before depreciation, interest & tax (PBDITDA)*	5,758	4,658	3,570	2,588	2,965	2,056	1,795	905	521	262
Profit before interest & tax (PBIT)*	5,087	3,952	3,096	2,171	2,536	1,711	1,551	735	374	125
Profit before tax (PBT)	5,367	4,218	3,186	2,204	2,546	1,227	1,459	712	373	136
Profit after tax (PAT)	3,674	2,867	2,151	1,481	1,670	805	944	470	238	87
Dividends	552	430	323	393	248	68	40	40	28	23
Dividend Tax	93.77	73	52	65	42	12	7	7	4	3
Retained profits	3,029	2,363	1,776	1,023	1,380	725	897	423	206	61
<b>SOURCES AND APPLICATION OF FUNDS</b>										
<b>SOURCES OF FUNDS</b>										
Share capital	171	171	171	171	171	171	114	114	114	114
Reserves and surplus	13,456	10,427	8,064	6,288	5,266	3,885	3,217	2,323	1,899	1,693
Net worth	13,627	10,598	8,235	6,459	5,437	4,056	3,331	2,437	2,013	1,807
Debt	857	881	855	1,000	912	2,859	3,163	1,407	405	233
Deferred tax liability	301	195	220	205	216	182	169	136	120	131
Funds employed	14,785	11,674	9,310	7,664	6,565	7,097	6,663	3,980	2,538	2,171
<b>APPLICATION OF FUNDS</b>										
Gross fixed assets	9,880	6727 ^	6,213	5,388	4,911	4,271	3,106	2,577	1,907	1,672
Accumulated depreciation	3,648	3,138	2,667	2,237	1,854	1,458	1,217	1,009	863	724
Net fixed assets	6,232	3,589	3,546	3,151	3,057	2,813	1,889	1,568	1,044	948
Capital work-in-progress	1,446	1,030	315	375	227	396	657	62	48	13
Investments	161	161	161	161	161	471	162	162	320	236
Gross current assets	13,555	12,924	9,494	7,472	6,311	5,260	5,749	3,500	2,280	1,613
Current liabilities and provisions	6,609	6,030	4,206	3,495	3,191	1,843	1,794	1,312	1,154	639
Net current assets	6,946	6,894	5,288	3,977	3,120	3,417	3,955	2,188	1,126	974
Net assets	14,785	11,674	9,310	7,664	6,565	7,097	6,663	3,980	2,538	2,171
<b>RATIOS</b>										
PBT to sales (%)	15.62	14.26	13.48	12.51	17.38	9.34	13.47	11.95	10.26	6.18
PAT to sales (%)	10.69	9.69	9.10	8.41	11.40	6.13	8.71	7.89	6.54	3.96
Return on Assets (ROA) - (%) <sup>+</sup>	64.56	59.75	45.76	34.61	44.51	30.62	33.91	25.44	18.55	6.81
Return on net worth (%) <sup>@</sup>	30.33	30.45	29.28	24.90	35.18	21.80	32.73	21.12	12.46	4.90
Debt : Equity (times)	0.06	0.08	0.10	0.15	0.17	0.70	0.95	0.58	0.20	0.13
Fixed assets turnover (times) <sup>&amp;</sup>	5.06	7.52	6.42	5.57	4.79	4.67	5.73	3.80	3.48	2.32
Earnings per share (₹) <sup>#</sup>	21.51	16.78	25.18	17.34	19.56	9.42	16.57	41.31	20.94	7.63
Dividend (%)	323	252	189	230	145	40	35	35	25	20
Dividend per share (₹) <sup>#</sup>	3.23	2.52	3.78	4.60	2.90	0.80	0.70	3.50	2.50	2.00
Book value per share (₹) <sup>#</sup>	79.78	62.05	96.42	75.63	63.65	47.49	58.50	213.98	176.76	158.66
Share Price (as of 31st March) - (₹) <sup>#</sup>	394.40	273.65	292.80	189.75	164.20	36.65	195.65	340.40	234.25	91.65

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

^ Gross fixed assets are net of impairment in value

+ ROA is PBIT divided by Average Net Operating Assets. Net operating assets exclude CWIP, Cash and Non-Trade Investments

@ Return on networth is computed based on average network

& Year end net fixed assets and manufacturing revenue are considered for computing fixed assets turnover

# Earnings, Dividend, book value and share price are on face value of ₹10 each and ₹2 each upto 2007 and 2012 respectively and thereafter on face value of ₹1 each

# Corporate information

## Board of Directors

Dr. Ramachandra N Galla	Chairman
Jayadev Galla	Vice Chairman and Managing Director
Ravi Bhamidipati	Executive Director (upto August 31, 2013)
Shu Qing Yang	Non-Executive Director
Eric Stuart Mitchell	Non-Executive Director (w.e.f April 18, 2013)
Raymond J Brown	Non-Executive Independent Director
P Lakshmana Rao	Non-Executive Independent Director
Nagarjun Valluripalli	Non-Executive Independent Director
N Sri Vishnu Raju	Non-Executive Independent Director
T R Narayanaswamy	Non-Executive Independent Director

## Management Team

D Naren Reddy	President - Quality & HSE
B Jaikrishna	President - HR and Administration
K Suresh	President - Finance (w.e.f April 8, 2014)
S V Raghavendra	Chief Financial Officer (w.e.f April 8, 2014)
G Jagan Mohan	Head - Operations
L Venkat Madhav	Head - Supply Chain Management
Srinivasa Rao Ganga	Chief Marketing Officer, Industrial Battery Division
Rajesh Jindal	Chief Marketing Officer, Automotive Battery Division
M Jagadish	Head - Technology
M M Venkata Krishna	Head - Home Incubation Task Force

## Company Secretary

M R Rajaram

## Auditors

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

M/s. Chevaturi Associates  
Chartered Accountants, Vijayawada

## Cost Auditors

M/s. Sagar & Associates  
Cost Accountants, Hyderabad

## Bankers

State Bank of India, Settipalli, Tirupati  
Andhra Bank, Main Branch, Tirupati  
State Bank of Hyderabad, Main Branch, Tirupati  
The Bank of Nova Scotia, Coimbatore

## Registered Office

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

## Corporate Operations Office

Terminal A  
1-18/1/AMR/NR, Nanakramguda  
Gachibowli, Hyderabad - 500 032  
Tel: 91 40 2313 9000  
Fax: 91 40 2313 9001  
Website: [www.amararaja.co.in](http://www.amararaja.co.in)  
E-mail : [investorservices@amararaja.co.in](mailto:investorservices@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 2846 0390  
Fax: + 91 44 2846 0129  
E-mail : [investor@cameoindia.com](mailto:investor@cameoindia.com)

# Directors' report

## Dear Members,

Your Directors have pleasure in presenting their report together with the audited financial statements for the financial year ended March 31, 2014.

## Financial Highlights

Parameters	₹ million	
	2013-14	2012-13
Net revenue	34,367	29,589
Other income	455	465
<b>Total income</b>	<b>34,822</b>	<b>30,054</b>
Operating profit (EBIDTA)	5,758	4,658
Profit before tax (PBT)	5,367	4,218
<b>Profit after tax (PAT)</b>	<b>3,674</b>	<b>2,867</b>
Surplus brought forward	8,298	6,221
Amount available for appropriation	11,973	9,088
<b>Appropriations:</b>		
Transfer to General Reserve	367	287
Dividend on equity capital		
Proposed dividend	552	430
Corporate dividend tax	94	73
Surplus carried forward to balance sheet	10,960	8,298

## Performance overview

The financial year 2013-14 was yet another significant year in which your company continued its record of clocking highest ever turnover and profit. The Company has recorded total revenue (net of excise duty) of ₹34.37 billion as against ₹29.59 billion in the previous year registering a growth of 16%. The operating profit (Earnings Before Depreciation, Interest, Tax and Amortisation-EBIDTA) for the year stood at ₹5,758 million (previous year ₹4,658 million) representing 16.75% of net revenue. The Profit Before Tax (PBT) and Profit After Tax (PAT) for the financial year ended March 31, 2014 was at ₹5,367

million and ₹3,674 million as against ₹4,218 million and ₹2,867 million of the previous financial year respectively. The profit after tax has registered an impressive 28% growth.

## Industrial battery business

The Company's Industrial Battery business registered double digit revenue growth over the previous financial year despite capacity constraints by better product mix. The demand from the telecom sector grew during the year primarily driven by growth in data and for energy optimisation by tower companies. The adverse macro economic conditions had moderated the



demand for UPS during the first three quarters and improved in the fourth quarter mainly due to finalisation of projects in the banking sector.

Amidst these challenges, our efficient after sales service, customer relationship management, consistent product performance of both PowerStack® and Quanta® batteries coupled with continued preferred supplier status accorded by all major customers resulted in the improved performance of the industrial battery business.

During the year the Company had successfully introduced new range of Quanta series UPS batteries (120 AH and 150 AH), which were well received by the market resulting in improved market share in IT&ITES and Banking sector. The Quick Recharge Series large VRLA battery introduced for telecom application consolidated its position in the market.

The medium VRLA battery for Home UPS application which was introduced in the African markets helped to broad base the export business. The capacities of medium and large VRLA product lines were enhanced to 3.00 million standard equivalent units per annum and 900 million Ah in standard equivalent units per annum respectively during the Q4 of FY 2014.

### Automotive battery business

The Company's Automotive battery business reported double digit revenue growth supported by volume increase of 9% in four-wheeler and 63% in two-wheeler batteries, over the previous financial year, despite capacity constraints in the automotive four-wheeler batteries .

During the year, the Company commenced bulk supplies to two-wheeler OEM business, consolidating its position in this space and witnessed a flat volume growth in four-wheeler OEM business due to slowdown in automobile production on account of various macro-economic conditions. The volume growth in both four-wheeler and two-wheeler aftermarket business continued during the year due to strong preference for Company's products, supported by complete product offering, strengthening of brands Amaron® and PowerZone™, and leveraging customer relationship.

The volume of inverter batteries witnessed a drop mainly on account of early onset of monsoon during the year. A separate task force was created to focus and develop this business vertical as the Company sees a promising future for this business.

The revenue from export business grew significantly during the year aided by the quality of the product, moderation in import tariff and depreciation rupee. The Company will continue its efforts to increase the exports in the Indian Ocean RIM by strengthening and expanding the distributor's network and entering into new markets.

During the year, the capacity of two-wheeler battery and four-wheeler battery was enhanced to 8.40 million and 6.00 million units per annum respectively. The green field expansion of four-wheeler battery capacity to 8.25 million units is progressing as per schedule and is expected to commence supplies in the second half of FY 2015.

### Financial position

The Company's financial position has shown immense improvement over the years. The networth as at March 31,

2014 improved to ₹13,627 million with the addition of ₹3,029 million to the reserves and surplus during the year. There is no interest bearing debt as of March 31, 2014. The surplus cash as at the year end stood at ₹2,446 million. CRISIL had re-affirmed the ratings on the Company's loan-term bank loan facilities at 'CRISIL AA+/Stable' and on the short-term bank facilities at 'CRISIL A1+.'

During the year under review, the gross fixed assets including capital work in progress increased by ₹3,570 million (net of deletions of ₹161 million) and are at ₹11,402 million (previous year - ₹7,832 million). The entire additions were funded through internal accruals. The earnings per share of ₹1 each for the financial year 2013-14 grew by 28% at ₹21.51 as against ₹16.78 for the previous financial year, while the book value per share as at March 31, 2014 was at ₹80 as against ₹62 as at March 31, 2013.

## Dividend

The Board of Directors of the Company at their meeting held on May 19, 2010 had approved a policy on payment of dividend to shareholders i.e., to pay dividend (excluding corporate dividend tax) up to 15% of the profit after tax of the Company. In line with the said dividend policy your directors have pleasure in recommending a dividend of ₹3.23 per equity share of ₹1 each (323%) for the financial year ended March 31, 2014, subject to the approval of the shareholders.

## 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 ₹367.44 million to the general reserve out of the profits earned by the Company. A sum of ₹10,959.62 million is proposed to be retained as surplus.

## Directors

In accordance with the provisions of the Companies Act, 2013, Mr. Shu Qing Yang, 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.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the present independent directors i.e Mr. P Lakshamana Rao, Mr.Nagarjun Valluripalli, Mr. N Sri Vishunu Raju, Mr. T R Narayanaswamy and Mr. Raymond J Brown are being proposed for appointment as an independent directors of the Company to hold office for a term of five consecutive years effective from August 6, 2014.

Necessary resolutions for appointment/re-appointment of the above directors are being placed before the members for their approval.

During the year, Mr. Ravi Bhamidipati resigned from the office of Executive Director and as director with effect from August 31, 2013. The Board wishes to place on record their appreciation for the valuable services rendered by Mr. Ravi Bhamidipati 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 who hold office until the conclusion of the ensuing annual general meeting and being eligible, have offered themselves for re-appointment.

The Central Government had approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad as cost auditors for the financial year 2013-14. The cost audit report will be filed with Central Government within 180 days from the close of the financial year. The cost audit report for the previous financial year 2012-13 signed by M/s. Nageswara Rao & Co., Cost Accountants, Hyderabad was filed in eXtensible Business Reporting Language (XBRL) mode on September 24, 2013, within due date.

## Corporate Governance

The report on corporate governance along with the certificate from practising company secretary regarding compliance of conditions of corporate governance for the year ended March 31, 2014 pursuant to clause 49 of the listing agreement is annexed hereto and forms part of the annual report. The Managing Director and the Chief Financial Officer of the

Company have submitted a certificate endorsing to the Board the correctness of the financial statements and other matters as required under Clause 49 (V) of the listing agreement entered into with the stock exchanges.

### 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.

### 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 ₹305,957 being unclaimed dividend pertaining to the financial year 2005-06 was transferred to the Investor Education and Protection Fund (IEPF) on September 30, 2013.

### 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, 2014.

### Health, safety and environmental protection

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

### Industrial relations

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

### Disclosures

The particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 217(1)(e) of the Act read with the Companies

(Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto and forms part of this report.

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

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

### Awards and Recognitions

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

- Two Excellence awards at International level Quality Circle competitions (ICQC) organised by the Association of Pioneer Quality Control Research (PQCRA) in Taiwan.
- Won "Best Organisation Supporting QC movement" award, (fourth time in a row) along with seven Gold awards and two Silver awards at Regional level QC competitions organised by Quality Circle Forum of India (QCFI).
- Won "Best Organisation Supporting QC movement" award in Private Sector for the first time at the National Level along with four par excellence and four excellence awards from QCFI at National Level.
- Received "Operational Excellence in Warehousing" award at Asia Manufacturing Supply Chain Summit.
- Won "Most Preferred Battery Brand - Telecom" award from FROST & SULLIVAN at India Back-up Power Industry Excellence Awards 2013.

- “Platinum award” for “Partner of the Year 2013-14” from Indus Towers Limited for customer focused approach, service delivery and product innovation.
- “Consistent high quality performance” award from Maruti Suzuki Limited.
- The Company won first position in “National award for excellence in cost management” for the year 2012 under “Private-Manufacturing-Organisation large” from the Institute of Cost Accountants of India.

### Directors’ responsibility statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company confirm to the best of their knowledge and belief that in the preparation of the statement of profit and loss for the financial year ended March 31, 2014 and the balance sheet as at that date (“financial statements”),:

- i) the applicable accounting standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently and such judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for that period;
- iii) 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, subject to the inherent limitations that should be recognised in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an on-going basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The audit committee meets at regular intervals to review the internal audit function;

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

### Acknowledgement

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

Your directors also take this opportunity to thank the joint venture partner Johnson Controls Inc. for their valuable assistance and support. The directors are thankful to the shareholders for their continued patronage.

On behalf of the Board

Place: Hyderabad  
Date: May 28, 2014

Dr. Ramachandra N Galla  
*Chairman*

Annexure to the  
**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 continued its focused energy conservation efforts through up-gradation of process technology, effective production scheduling and various energy saving initiatives including installation of energy efficient equipment, resulting in energy savings.

#### Form A

Form for disclosure of particulars with respect to conservation of energy

Sl No.	Parameters	2013-14	2012-13
A	Power and Fuel consumption		
1.	Electricity		
(a)	Purchased		
	Unit (KWH)	149,904,758	139,604,924
	Total cost (₹)	883,087,530	952,170,353
	Rate / Unit (₹)	5.89	6.82
(b)	Own generation		
(i)	Through diesel generator		
	Unit (KWH)	142,152	168,064
	KWH per unit of fuel	2.31	3.02
	Cost/Unit (₹)	28.73	15.16
(ii)	Through steam turbine/generator	-	-
2	Coal	-	-
3	Furnace oil	-	-
4	Others	-	-
(a)	LPG Units (Kgs)	109,811	114,280
	Amount (₹)	9,116,618	8,636,319
(b)	Acetylene units (Cubic Mtrs)	25,456	24,288
	Amount (₹)	4,867,329	4,632,138
(c)	Oxygen Units (Cubic Mtrs)	55,167	48,706
	Amount (₹)	1,190,269	1,046,235
B	Electricity consumed in Kwh per lakh of Ampere hour produced	4,195	4,107

## B. Technology Absorption

### Research and Development (R&D)

#### 01. Specific areas in which research & engineering development is carried out by the Company

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

- Product Technology
- Manufacturing Engineering
- Research & Analysis

The projects are identified to address the following specific objectives:

- New product development for emerging applications
- Technology up-gradation to make the batteries robust and provide superior performance
- Development of import substitution in materials and products
- Exploration of environmental friendly operations/ materials
- Material/Process development activities for enhancing battery performance and cost efficiency
- Value engineering efforts for product improvements

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

- Designed and commercialised two wheeler AGM batteries for OEMs
- Developed advanced automotive products with Ex-met Negative grid technology for DIN series
- Developed and commercialised high performance Quanta range extension batteries for UPS application
- Established accelerated grid ageing process for hybrid alloys used in automotive applications
- Evaluated and implemented process to control lead dust generation in plate preparation
- Instituted a collaborative project with VIT on BMS development for portable energy storage systems

- Studied advanced environment friendly formation techniques for standby industrial batteries to reduce formation time
- Studied techno-commercial feasibility of advanced heat management systems for outdoor cabinets used in Telecom BTS
- Studied suitability of various advanced energy storage technologies for Telecom applications on TCO basis using destructive proposition
- Successfully developed battery for E-Bike technology

#### 03. Future Plan of Action

- Commercialise mono block range extension to meet growing UPS needs in IT & ITES segments both for domestic and export markets.
- Conduct an advanced research on current and alternative storage technologies to meet the needs of various customers
- Develop a proto type Lithium-ion battery for portable applications
- Develop batteries for start stop application with specific focus on lead acid battery technology
- Develop efficient fill and form process for batteries deploying advanced cover venting system
- Develop alternate process for imparting flame retardant properties to plastic materials
- Evaluate strip making technologies for better performance of automotive batteries
- Introduce accelerated ageing process for tin alloy based grid in automotive two-wheeler batteries
- Improve mechanical integrity in battery assembly
- Optimise pre-molding process for new flame retardant V0 and V2 materials
- Undertake study and evaluate curing methodology for enhanced environmental safety

#### 04. Expenditure on R&D

₹ million

SI No.	Parameters	2013-14	2012-13
1	Capital	44.06	10.80
2	Recurring	41.34	35.58
	Total	85.40	46.38
	Total R&D expenditure as percentage of total turnover	0.25%	0.16%

## C. Technology absorption, adaptation and innovation

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

- Developed two wheeler aftermarket batteries using X-met plate making technology
- Facilitated 'Sophisticated High Rate Discharge' method for on-line testing of batteries
- Introduced paste recipe to improve high rate performance of automotive batteries

### 02. Benefits derived as a result of above efforts

- Cost reduction
- Environmental Protection
- Energy conservation
- Enhanced performance and reliability of the product
- Enhanced market share
- Penetration into newer markets
- Resource saving
- Customer Satisfaction

### 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 as and when 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

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

The exports during the year witnessed a significant growth due to strong demand of Amaron® batteries in the Indian Ocean RIM. The Company will continue its initiative to increase exports of automotive batteries by strengthening, expanding the distribution network and also entering into new markets.

### 02. Total Foreign exchange used and earned

₹ million

Sl No.	Particulars	2013-14	2012-13
1	Foreign exchange used	10,092	7,384
2	Foreign exchange earned - exports	1,640	1,016

On behalf of the Board

Place: Hyderabad  
Date: May 28, 2014Dr. Ramachandra N Galla  
Chairman

Report on

# Corporate governance

Pursuant to clause 49 of the listing agreement entered into with the stock exchanges in India, compliance with the requirements of Corporate Governance is set out below:

## 1. Company's Philosophy on Corporate Governance

Corporate Governance is based on good principles and practices such that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Amara Raja Batteries Limited ("Amara Raja" or "the Company") is committed to the adoption of best governance practices and to its adherence in the business of the Company. The Company's corporate governance practices are driven by timely disclosures, transparent accounting policies, internal control on operations and high levels of integrity in decision making with an objective to enhance the value to the stakeholders. The Company is in compliance with the mandatory requirements stipulated under clause 49 of the listing agreement entered into with the stock exchanges with regard to corporate governance.

## 2. Board of Directors

i) Presently the Board comprises of nine Directors of which the Managing Director is an Executive Director. Out of eight Non-Executive Directors, five are Independent Directors and three are Non Independent Directors. The composition

of the Board is in conformity with clause 49 of the listing agreement entered into with the stock exchanges.

- ii) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board. The Independent Directors have confirmed that they satisfy the criteria of independence as stipulated in clause 49 of the listing agreement. 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 in more than ten Committees or Chairman of more than five Committees across all the public limited companies in which they are Directors. The Directors disclosed their positions held in committees and directorships held in other public limited companies as on March 31, 2014.
- iv) Five Board Meetings were held during the year as against the minimum requirement of four meetings. The dates on which the meetings were held are as follows:

Sl No.	Date of Meeting	Board Strength	No. of Directors Present
1.	April 18, 2013	10	8
2.	May 13, 2013	10	9
3.	August 14, 2013	10	10
4.	November 14, 2013	9	8
5.	January 23, 2014	9	8



- v) The composition of the Board, attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting, number of directorships, memberships/chairmanships in committees of other public limited companies as on March 31, 2014 are as follows:

Name of the Director	Category	Attendance Particulars		Number of directorships in other companies <sup>#</sup>	Number of committee memberships in other companies*	
		Board Meetings	Last AGM		Chairman	Member
Dr. Ramachandra N Galla <sup>§</sup> DIN : 00133761	Promoter/ Non-Executive Chairman	5	Yes	4	1	Nil
Mr. Jayadev Galla <sup>§</sup> DIN : 00143610	Promoter/ Managing Director	5	Yes	3	Nil	1
Mr. Ravi Bhamidipati <sup>^</sup> DIN : 00143028	Executive Director	3	Yes	Nil	Nil	Nil
Mr. Eric Stuart Mitchell <sup>##</sup> DIN : 06561619	Non-Executive Director	5	Yes	Nil	Nil	Nil
Mr. Shu Qing Yang <sup>##</sup> DIN : 01916660	Non-Executive Director	5	Yes	Nil	Nil	Nil
Mr. P Lakshmana Rao DIN : 01463507	Independent, Non-Executive Director	4	Yes	1	Nil	Nil
Mr. Nagarjun Valluripalli DIN : 00034389	Independent, Non- Executive Director	5	Yes	1	Nil	2
Mr. N Sri Vishnu Raju DIN : 00025063	Independent, Non- Executive Director	3	Yes	3	Nil	Nil
Mr. T R Narayanaswamy DIN : 01143563	Independent, Non- Executive Director	3	Yes	1	Nil	1
Mr. Raymond J Brown DIN : 01916646	Independent, Non- Executive Director	5	Yes	Nil	Nil	Nil

# excludes Directorships in private companies, foreign companies, companies under Section 25 of Companies Act, 1956 and alternate directorship.

\*includes only Audit Committee and Shareholders'/Investors' Grievance Committee.

§ 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.

^ Mr. Ravi Bhamidipati resigned as director and as an Executive Director with effect from August 31, 2013.

##Nominee Directors of Johnson Controls Inc., USA (Persons acting in concert).

- vi) During the financial year 2013-14, information as mentioned in annexure 1A to clause 49 of the listing agreement such as annual operating plans and budgets, capital budgets, financial results of the Company, foreign currency exposures on quarterly basis and such other information as and when applicable has been placed before the Board for its consideration.

- vii) None of the Non-Executive Independent Directors have any pecuniary relationship or transactions with the Company.
- viii) The Board has laid down Code of Conduct for all the Directors and the Senior Management Personnel of the Company and the same is available on the website of the Company. All the members of the Board and the Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct for the year ended March 31, 2014. In terms of clause 49 of the listing agreement, a declaration signed by the Managing Director is enclosed to this report.

### 3. Audit Committee

- i) The constitution and terms of reference of the Audit Committee are in accordance with and covers all the matters specified under Section 292A of the Companies Act 1956 read with clause 49 (II) of the listing agreement with the stock exchanges.
- ii) The Chief Financial Officer, Statutory Auditors, Internal Auditor and Cost Auditor are invited to be present at the Committee meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee, Mr. P Lakshmana Rao, was present at the Annual General Meeting of the Company held on August 14, 2013.
- iii) During the financial year 2013-14, five meetings of the Audit Committee were held on April 18, 2013, May 13, 2013, August 14, 2013, November 14, 2013 and January 23, 2014. The necessary quorum was present in all the meetings.
- iv) The composition of the Audit Committee and attendance of members are given below:

Name	Category	Attendance
Mr. P Lakshmana Rao, Chairman	Independent, Non-Executive	4
Mr. Nagarjun Valluripalli, Vice Chairman	Independent, Non-Executive	5
Mr. N Sri Vishnu Raju	Independent, Non-Executive	3
Mr. T R Narayanaswamy	Independent, Non-Executive	3

### 4. Remuneration Committee

- i) The Remuneration Committee of the Company is

empowered to determine and recommend to the Board the remuneration payable to the managerial personnel of the Company and also the commission payable to the Non-Executive Directors of the Company.

- ii) One meeting of the Remuneration Committee was held on May 13, 2013 and the composition of the Remuneration Committee and attendance of members are given below:

Name	Category	Attendance
Mr. P Lakshmana Rao, Chairman	Independent, Non-Executive	-
Mr. Nagarjun Valluripalli	Independent, Non-Executive	1
Mr. T R Narayanaswamy	Independent, Non-Executive	1

- iii) **Remuneration Policy**

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

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

The shareholders at their meeting held on July 29, 2010 and the Ministry of Corporate Affairs vide its letter dated January 31, 2011 approved payment of Commission to Dr. Ramachandra N Galla, Non- Executive Chairman @ 3% of the net profits of the Company and other Non-Executive Independent Directors @ 1% of the net profits of the Company in such sum and proportion as the board may deem fit and proper for a period of five years commencing from September 1, 2010 to August 31, 2015.

- iv) Details of Remuneration paid for the year ended March 31, 2014 are given below:

- a) Non-Executive Directors (other than representatives of Johnson Control Inc., USA):

₹ million

Name	Commission*	Sitting Fees paid
Dr. Ramachandra N Galla	175.99	Nil
Mr. P Lakshmana Rao	Nil	0.14
Mr. Nagarjun Valluripalli	Nil	0.16
Mr. N Sri Vishnu Raju	Nil	0.09
Mr. T R Narayanaswamy	Nil	0.10
Mr. Raymond J Brown	Nil	0.10

- b) Managing Director and Executive Director:

₹ million

Particulars	Mr. Jayadev Galla Managing Director	Mr. Ravi Bhamidipati Executive Director**
Salary	24.00	10.40
Perquisites and Allowances	0.84	-
Commission*	268.48	10.43
Retirement benefits	0.01	-
<b>Total</b>	<b>293.32</b>	<b>20.83</b>

\*Commission will be paid after the adoption of financial statements by the shareholders at the Annual General Meeting.

\*\* Mr. Ravi Bhamidipati resigned as director on August 31, 2013 and the commission amount of ₹10.43 million is a provision calculated on proportionate basis upto August 31, 2013 (provisional).

Mr. Jayadev Galla was re-appointed as the Managing Director of the Company for a period of five years with effect from September 1, 2010 to August 31, 2015. The agreement entered into with Mr. Jayadev Galla may be terminated by either party by giving three months' notice.

- v) Details of shares held by the Directors as on March 31, 2014

Name of the Director	No. of equity shares held (face value of ₹1 each)
Dr. Ramachandra N Galla	12,795,074
Mr. Jayadev Galla	12,821,984
Mr. Nagarjun Valluripalli	3,000

The Company has not issued any convertible instruments.

## 5. Shareholder's/Investors' Grievance Committee

- i) The Company has a Shareholders'/Investors' Grievance Committee to specifically look after the redressal of complaints of shareholder's/investor's. The Board at its meeting held on November 14, 2013 combined both the Share Transfer Committee and Shareholders'/Investors' Grievance Committee of the Board and constituted Share Transfer and Investors' Grievance Committee to address/resolve the requests and grievances of the shareholders.
- ii) During the financial year 2013-14, three meetings of the Committee were held on May 13, 2013, August 14, 2013 and November 14, 2013.
- iii) The composition of the Shareholder's/Investors' Grievance Committee and attendance of members are given below:

Name	Category	Attendance
Mr. P Lakshmana Rao, Chairman	Independent, Non-Executive	2
Dr. Ramachandra N Galla	Non-Independent, Non-Executive	3
Mr. Jayadev Galla	Non-Independent, Executive	3

- iv) The Committee is headed by Mr. P Lakshmana Rao, an Independent Director
- v) Mr. M R Rajaram, Company Secretary and Compliance Officer of the Company acts as Secretary to the Committee.
- vi) Details of investor complaints received and redressed to the satisfaction of the shareholders during the year 2013-14 are as follows:

Particulars	Non-receipt of dividend	Non-Receipt of Share Certificate
Opening balance	Nil	Nil
Received during the year	5	3
Resolved during the year	5	3
Closing balance	Nil	Nil

There are no pending shareholders complaints as on March 31, 2014.

## 6. General Body Meetings

### i) Location and date/time for the last three Annual General Meetings were:

For the Financial year	Venue	Day and date	Time
2012-13	Registered Office: Renigunta-Cuddapah Road	Wednesday, August 14, 2013	3:00 PM
2011-12	Karakambadi Tirupati, Andhra Pradesh – 517 520	Tuesday, August 14, 2012	2:55 PM
2010-11		Saturday, August 13, 2011	3.00 PM

### ii) Special Resolutions passed during the previous years:

Financial year 2011-12: Special resolution passed for alteration of Article 5 of Articles of Association of the Company pertaining to Authorised Share Capital of the Company

Financial year(s) 2010-11 and 2012-13: No special resolutions were passed during the AGM held for the said periods.

## 7. Disclosures

### i) Disclosure of related party transactions

The Company places at every meeting of the Audit Committee and the Board in summary form all the transactions with related parties in the ordinary course of business and also material individual transactions whenever it is proposed with related parties which are not in the normal course of business for its approval/ratification. During the year under review, there are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. Refer note no. 30 of notes forming part of the financial statements for the details of related party transactions entered during the year.

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

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

### iii) Whistle Blower Policy

The Company has not adopted Whistle Blower Policy. However, the Company fosters an environment which encourages employees to raise any issue with the management.

### iv) Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the accounting standards notified under Section 211 (3C) of the Companies Act, 1956, the pronouncements of 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, 2014.

### v) Risk Management

The Board periodically discusses the significant business risks identified by the management and the mitigation process 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.

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

vii) The Management Discussion and Analysis Report have been included separately forming part of the Directors Report.

viii) The brief particulars of the directors proposed for re-appointment/appointment at the Annual General Meeting are given in the notes to the notice of the forthcoming Annual General Meeting.

**ix) Internal Control Systems**

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.

**x) CEO/CFO Certification**

Mr. Jayadev Galla, Managing Director and Mr. S V Raghavendra, Chief Financial Officer of the Company have submitted a certificate to the Board on the fairness of the financial statements and other matters as required under the clause 49 (V) of the listing agreement.

**xi) Compliance on Corporate Governance**

The quarterly compliance report has been submitted to the stock exchanges where the Company's equity shares are listed in the requisite format duly signed by the Company Secretary. Pursuant to Clause 49 of the Listing Agreement, the Practising Company Secretary's Certificate regarding compliance of conditions of Corporate Governance is annexed to this report.

**8. Means of communication**

The quarterly, half-yearly and annual results are submitted to the stock exchanges in accordance with the listing agreement and are published in Business Standard, Business Line (all editions) and Andhra Jyothi, Eenadu and Vaartha (Rayalaseema Edition). The Company also posts the press releases, results on its website [www.amararaja.co.in](http://www.amararaja.co.in).

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

**9. General shareholders information**

i)	Date, time and venue of Annual General Meeting	August 6, 2014 at 11:30 AM at Registered Office of the Company i.e. Renigunta - Cuddapah Road, Karakambadi, Tirupati, Andhra Pradesh – 517 520
ii)	Financial calendar (tentative):	Financial Year - April to March First Quarter Results - August 2014* Half-yearly Results - November 2014* Third Quarter Results - January 2015* Results for the year ending March 31, 2015 - last week of May 2015* *provisional
iii)	Date(s) of book closure	Friday, August 1, 2014 to Wednesday, August 6, 2014 (both days inclusive)
iv)	Proposed Dividend & Dividend Payment Date	₹3.23 per equity share of ₹1 each (323%). The dividend warrants will be posted/ dividend amount will be remitted into the shareholders account on or before August 31, 2014.
v)	Listing of shares on stock exchanges	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai 400 051  BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400 001  Listing fees for the year have been paid to all the above stock exchanges

vi)	Stock Code /Scrip Code	NSE : AMARAJABAT BSE : 500008
	Corporate Identity Number (CIN)	L31402AP1985PLC005305
	International Securities Identification Number (ISIN) for equity shares of ₹1 each under Depository System	INE885A01032
vii)	Market Price Data High, Low during each month in the last financial year	Please see Annexure A
viii)	Performance of the Company's share price vis-à-vis-Sensex	Please see Annexure A
ix)	Registrar and Share Transfer Agents (RTA)	For shares related matters, the shareholders are requested to correspond with the RTA of the Company quoting their Folio Number, Client ID and DP ID at the following address: <b>Cameo Corporate Services Limited</b> V Floor, Subramanian Building No.1, Club House Road Chennai 600 002 Tel : 91 044 28460390 Fax : 91 044 28460129 E-mail : investor@cameoindia.com Website : www.cameoindia.com
x)	Share Transfer System	All the valid transfers received are processed and approved by the Share Transfer and Investors' Grievance Committee at its meetings or by circular resolutions.
xi)	Distribution of Shareholding and Shareholding Pattern as on March 31, 2014	Please see Annexure B
xii)	Dematerialisation of Shares and Liquidity	96.84% of the equity shares of the Company were dematerialised as on March 31, 2014
xiii)	Outstanding GDR/ADR/Warrants and convertible instruments, conversion date and likely impact on equity	The Company has not issued any GDR/ ADR/Warrants and convertible instruments.
xiv)	Plant Location(s)	The Company's plant are located at a) Renigunta – Cuddapah Road, Karakambadi, Tirupati Andhra Pradesh 517 520 b) Nunegundlapalle Village, Bangarupalyam Mandal, Chittoor District Andhra Pradesh 517 416
xv)	Address for correspondence	Amara Raja Batteries Limited Terminal A, 1-18/1/AMR/NR, Nanakramguda Gachibowli, Hyderabad 500 032 Tel no : 91 40 23139000 Fax no : 91 40 23139001 E-mail : investorservices@amararaja.co.in Website : www.amararaja.co.in

## 10. Non-mandatory requirements

The Company has complied with the following non-mandatory requirements of clause 49 of the listing agreement to the extent stated below:

- i) **Board:** The Company has a separate office maintained for the non-executive Chairman.
- ii) **Remuneration Committee:** The Company has constituted a Remuneration Committee, details of which are given under the heading "Remuneration Committee".
- iii) **Audit Qualifications:** There are no qualifications on the financial statements for the financial year ended March 31, 2014 by the Statutory Auditors of the Company.
- iv) **Other Non-Mandatory Requirements:** The Company would be progressively adopting the other non-mandatory requirements.

## 11. Other requirements/Information

### i) Dividend Policy

Dividends, other than interim dividend(s), are to be declared at the Annual General Meetings based on the

recommendation of the Board of Directors. 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.

### ii) Transfer of unclaimed dividend

During the year under review, an amount of ₹3,05,957 pertaining to unpaid/unclaimed dividend for the financial year 2005-06 has been transferred to Investor Education and Protection Fund (IEPF) on September 30, 2013. No claim shall lie against the said Fund or the Company for the amounts so transferred nor shall any payment be made in respect of such claims.

Members who have not yet encashed their dividend from the financial year 2006-07 onwards are requested to make their claims without any delay to M/s. Cameo Corporate Services Limited, Registrar and Share Transfer Agents (RTA) of the Company for claiming the unclaimed/unpaid dividends.

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

Financial Year	Date of Declaration	Due Date of Transfer to IEPF
2006-07	14.08.2007	19.09.2014
2007-08	14.08.2008	19.09.2015
2008-09	30.07.2009	04.09.2016
2009-10	29.07.2010	03.09.2017
2010-11(special dividend)	24.01.2011	01.03.2018
2010-11	13.08.2011	18.09.2018
2011-12	14.08.2012	19.09.2019
2012-13	14.08.2013	13.09.2020

As required under the Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, (rules) the Company uploaded on the Company's website [www.amararaja.co.in](http://www.amararaja.co.in) the particulars of unclaimed dividend as on August 14, 2013 with information containing the names, addresses of the person entitled to receive the amount, nature of amount, due date for transfer to IEPF and such other information as required by the rules. The same is also available on the website [www.iepf.gov.in](http://www.iepf.gov.in)

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

### iii) Equity shares in unclaimed suspense account

Pursuant to the provisions of clause 5A (II) of the Listing Agreement, the following is the reconciliation of the unclaimed shares in the "Amara Raja Batteries Limited – Unclaimed Suspense Account" (suspense account).

Particulars	Number of shareholders	Number of Equity shares
Aggregate number of equity shareholders and the outstanding shares of ₹1 each in the suspense account lying as on April 1, 2013	449	9,41,500
Number of equity shareholders who approached the Company for transfer of shares of ₹1 each from the suspense account	11	28,500
Number of equity shareholders and to whom shares were transferred from suspense account during the year	11	28,500
Aggregate number of equity shareholders and the outstanding shares of ₹1 each in the suspense account lying as on March 31, 2014	438	9,13,000

The voting rights on the shares outstanding in the suspense account as on March 31, 2014 are frozen till a claim from the rightful owner of such shares is received.

## Annexure A

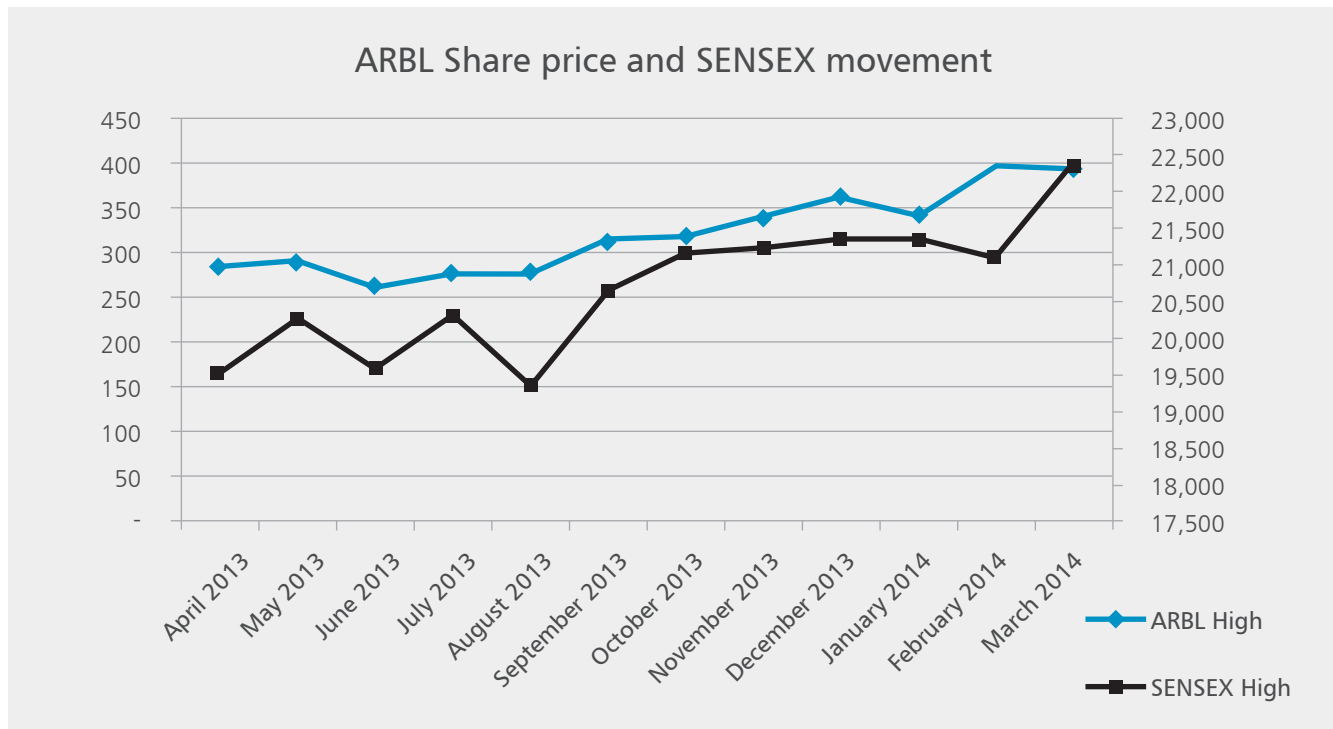
i) High, Low prices (based on closing prices) of the Company's shares traded on NSE and BSE and performance of BSE Sensex and S&P CNX Nifty during the period from April 1, 2013 to March 31, 2014 are furnished below

Month	NSE		S&P CNX Nifty		BSE		Sensex	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
April 2013	284.10	243.05	5,930.20	5,495.10	283.30	243.10	19,504.18	18,226.48
May 2013	290.45	244.15	6,187.30	5,944.00	290.20	244.20	20,286.12	19,575.64
June 2013	261.25	245.80	5,939.30	5,588.70	260.15	246.15	19,610.48	18,540.89
July 2013	275.45	239.85	6,077.80	5,742.00	275.70	240.00	20,302.13	19,177.76
August 2013	275.85	217.75	5,742.30	5,285.00	276.95	217.50	19,367.59	17,905.91
September 2013	310.70	252.90	6,115.55	5,341.45	310.75	252.95	20,646.64	18,234.66
October 2013	318.00	304.30	6,299.15	5,780.05	317.15	305.65	21,164.52	19,517.15
November 2013	335.30	303.85	6,317.35	5,989.60	335.90	304.60	21,239.36	20,194.40
December 2013	362.80	324.05	6,363.90	6,139.05	362.25	323.85	21,326.42	20,612.14
January 2014	343.20	317.90	6,345.65	6,073.70	342.75	318.25	21,373.66	20,498.25
February 2014	398.75	327.00	6,276.95	6,000.90	397.70	327.30	21,120.12	20,193.35
March 2014	394.45	360.30	6,704.20	6,221.45	394.25	360.90	22,386.27	20,946.65



### ii) Performance of the Company's share price vis-à-vis-Sensex

A comparative line chart showing performance of share price (closing high) of the Company with BSE Sensex (closing high) during the financial year 2013-14



### iii) Performance of the Company's share price as at the beginning and end of the financial year 2013-14

Name of the Stock Exchange	NSE Close Price	BSE Close Price
Price as on April 1, 2013	282.60	282.35
Price as on March 31, 2014	394.40	393.50
Change in Value	111.80	111.15
% Change	39.56	39.36

As per the closing price of the Company's share on NSE, the market capitalisation increased from ₹48,271.61 million as on April 1, 2013 to ₹67,368.45 million as on March 31, 2014.

## Annexure B

### i) Distribution of Equity Shareholding as on March 31, 2014

No. of shares held	No. of shares	Percentage to capital	No. of shareholders	Percentage to no. of shareholders
1 - 5000	9,584,124	5.61	20,603	96.25
5001 - 10000	2,460,094	1.44	342	1.60
10001 - 20000	2,309,406	1.35	167	0.78
20001 - 30000	1,631,380	0.96	64	0.30
30001 - 40000	792,342	0.47	22	0.10
40001 - 50000	1,146,176	0.67	25	0.12
50001 - 100000	4,428,568	2.59	60	0.28
100001 and above	148,460,410	86.91	123	0.57
<b>Total</b>	<b>170,812,500</b>	<b>100.00</b>	<b>21,406</b>	<b>100.00</b>

### ii) Mode of Holding as on March 31, 2014

No. of shares held	No. of shares	Percentage to capital	No. of shareholders	Percentage to no. of shareholders
Demat mode	165,420,520	96.84	20,671	96.57
Physical mode	5,391,980	3.16	735	3.43
<b>Total</b>	<b>170,812,500</b>	<b>100.00</b>	<b>21,406</b>	<b>100.00</b>

### iii) Categories of Equity Shareholders as on March 31, 2014

Category	No. of shares	Percentage to no. of shareholders
Promoters	88,927,452	52.06
Mutual Funds & UTI	19,747,031	11.56
Banks/Financial Institutions	33,170	0.02
Foreign Institutional Investors/NRI's	35,153,671	20.58
Corporate Bodies	50,38,167	2.95
Trusts	305,932	0.18
Others	21,607,077	12.65
<b>Total</b>	<b>170,812,500</b>	<b>100.00</b>

## Declaration on Code of Conduct

I hereby confirm that all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2014 as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Hyderabad  
Date: May 28, 2014

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

## Practising Company Secretary's Certificate on Corporate Governance

To  
the Members of  
**Amara Raja Batteries Limited**

I have examined the compliance of the conditions of Corporate Governance by Amara Raja Batteries Limited ('the Company'), for the year ended March 31, 2014, 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 of 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: Hyderabad  
Date: April 22, 2014

**V Suresh**  
*Practising Company Secretary*  
CP No. 6032

financial  
section

# Independent Auditors' report

To the Members of  
Amara Raja Batteries Limited

## Report on the financial statements

We have audited the accompanying financial statements of Amara Raja Batteries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) 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;
  - b) 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;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e) On the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act; and
  - f) Since the central government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act, nor has it issued any rules under the said section prescribing the manner in which such cess is to be paid, no cess is due and payable by 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  
(Membership No: 215621)

Raghunadha Rao Balineni  
Partner  
(Membership No: 28105)

Place : Hyderabad  
Date : May 28, 2014

# Annexure to the Independent Auditors' report

The Annexure referred to in our report to the members of Amara Raja Batteries Limited ("company") for the year ended March 31, 2014,

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 off 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 lying with third parties) during the year. In respect of inventory lying with third parties, the same has 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 Act. 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 Act:
  - 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 Act 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 Act and exceeding the value of ₹0.50 million in respect of each party during the year have been made at prices which appear reasonable having regard to the prevailing market prices.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable. According to the information furnished to us, no order has been passed on the Company by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for non-compliance with the provisions of sections 58A and 58AA of the Act.
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 Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed audit of the same.
9.
  - a) According to the information furnished to us, the Company is regular in depositing with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and any other statutory dues applicable to it. There were no undisputed statutory dues in arrears as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable.
  - 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 at the date of the Balance Sheet under report.

Name of the Statute	Nature of dues	Amount ₹ million	Period to which it pertains	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of expenses	12.84 #	2005-06, 2008-09 & 2009-10	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Denial of input credit	0.81 &	2002-03 to 2006-07	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	Non-receipt of concessional forms	53.42 ^	2004-05 to 2012-13	Appellate Authority – Upto Commissioner’s Level
Local Sales Tax Acts of various states	Denial of Input Credit, Entry Tax credit and others	22.96 @	2005-06 to 2010-11	Appellate Authority – Upto Commissioner’s Level
		3.18 \$	2007-08 to 2011-12	Sales Tax Appellate Tribunal

# - Stay has been granted for an amount of ₹1.65 millions. For the balance, application for stay is pending before the assessing officer.

& - Stay has been granted in respect of the amounts in appeal.

^ - Stay has been granted for an amount of ₹0.93 millions. For the balance, application for stay is pending before the assessing officer.

@ - Stay has been granted for an amount of ₹9.55 millions. For the balance, application for stay is pending before the assessing officer.

\$ - Stay has been granted for an amount of ₹0.81 millions. For the balance, application for stay is pending before the assessing officer.

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.
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 guarantee 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 Act.
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  
(Membership No: 215621)

Raghunadha Rao Balineni  
Partner  
(Membership No: 28105)

Place : Hyderabad  
Date : May 28, 2014

**Balance Sheet** as at March 31, 2014

₹ million

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	170.81	170.81
Reserves and surplus	3	13,456.20	10,427.33
		<b>13,627.01</b>	<b>10,598.14</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	759.47	773.13
Deferred tax liabilities (net)	5	301.33	195.09
Long-term provisions	6	369.57	376.41
		<b>1,430.37</b>	<b>1,344.63</b>
<b>Current liabilities</b>			
Short-term borrowings	7	83.83	98.63
Trade payables	8	1,277.79	1,362.84
Other current liabilities	9	2,156.68	1,807.26
Short-term provisions	6	2,818.73	2,493.20
		<b>6,337.03</b>	<b>5,761.93</b>
<b>Total</b>		<b>21,394.41</b>	<b>17,704.70</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		6,198.94	3,554.97
Intangible assets		32.96	33.69
Capital work-in-progress		1,443.60	1,024.97
Intangible assets under development		3.14	4.84
		<b>7,678.64</b>	<b>4,618.47</b>
Non-current investments	11	160.76	160.76
Long-term loans and advances	12	567.69	353.52
Other non-current assets	13	1.22	3.43
		<b>8,408.31</b>	<b>5,136.18</b>
<b>Current assets</b>			
Inventories	14	3,350.08	2,928.58
Trade receivables	15	4,527.89	3,806.77
Cash and bank balances	16	2,945.67	4,107.90
Short-term loans and advances	12	2,119.30	1,656.78
Other current assets	13	43.16	68.49
		<b>12,986.10</b>	<b>12,568.52</b>
<b>Total</b>		<b>21,394.41</b>	<b>17,704.70</b>
Significant accounting policies	1		

Statement on significant accounting policies and 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  
 (Membership No: 215621)

 Raghunadha Rao Balineni  
 Partner  
 (Membership No: 28105)

 Dr. Ramachandra N Galla  
 Chairman

 Jayadev Galla  
 Vice Chairman and  
 Managing Director

 Place : Hyderabad  
 Date : May 28, 2014

 S V Raghavendra  
 Chief Financial Officer

 M R Rajaram  
 Company Secretary



## Statement of Profit and Loss for the year ended March 31, 2014

₹ million

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
<b>REVENUE</b>			
Sale of products		38,041.27	32,949.37
Less: Excise duty		4,005.15	3,512.45
<b>Net sale of products</b>		<b>34,036.12</b>	<b>29,436.92</b>
Sale of services		309.32	137.02
Other operating revenue		21.15	15.21
<b>Net revenue from operations</b>	17	<b>34,366.59</b>	<b>29,589.15</b>
Other income	18	455.14	465.51
<b>Total Revenue</b>		<b>34,821.73</b>	<b>30,054.66</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	21,011.95	17,603.12
Purchases of stock-in-trade	20	2,113.69	2,632.54
Changes in inventories of finished goods, work-in-process and stock-in-trade	20	(292.10)	(320.89)
Employee benefits expense	21	1,583.16	1,262.30
Finance costs	22	7.18	2.69
Depreciation and amortisation expense [includes impairment loss of ₹Nil (PY ₹75.52 million)]	23	645.71	660.92
Other expenses	24	4,346.60	3,904.24
<b>Total Expenses</b>		<b>29,416.19</b>	<b>25,744.92</b>
<b>Profit before exceptional items and tax</b>		<b>5,405.54</b>	<b>4,309.74</b>
Less: Exceptional items (net)	33	38.84	91.57
<b>Profit before tax</b>		<b>5,366.70</b>	<b>4,218.17</b>
Less: Tax expense			
Current tax		1,580.00	1,377.97
Deferred tax (credit) / expense		106.23	(24.51)
Earlier year's (excess) / short provision		6.11	(2.34)
<b>Profit for the year</b>		<b>3,674.36</b>	<b>2,867.05</b>
Basic and diluted earnings per equity share of ₹1 each	37	21.51	16.78
Significant accounting policies	1		

Statement on significant accounting policies and 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. 002644SFor Chevuturi Associates  
Chartered Accountants  
Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya  
Partner  
(Membership No: 215621)Raghunadha Rao Balineni  
Partner  
(Membership No: 28105)Dr. Ramachandra N Galla  
ChairmanJayadev Galla  
Vice Chairman and  
Managing DirectorPlace : Hyderabad  
Date : May 28, 2014S V Raghavendra  
Chief Financial OfficerM R Rajaram  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2014

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax from continuing operations		5,366.70		4,218.17
Add/(Less): Adjustments for				
a. Depreciation	636.69		577.20	
b. Amortisation	11.04		8.20	
c. Impairment loss	-		75.52	
d. Net income on sale of tangible fixed assets	(2.26)		(0.04)	
e. Tangible fixed assets written off	24.90		44.27	
f. Donation of tangible fixed asset	0.03		-	
g. Interest paid on working capital facilities	0.03		0.11	
h. Provisions and credit balances written back	(3.90)		(6.44)	
i. Bad debts written off	32.33		4.84	
j. Provision for doubtful trade receivables and advances (net)	(30.50)		(38.69)	
k. Exchange gain on restatement - other than borrowings (net)	(33.81)		(13.18)	
l. Provision for leave encashment	14.83		33.43	
m. Provision for gratuity	6.75		8.74	
n. Provision for warranty	(40.22)		156.14	
o. Dividend received	(144.19)		(145.27)	
p. Interest received on bank and other deposits	(137.94)		(112.29)	
q. Interest on income tax	6.70		2.03	
r. Provision for wealth tax	2.00	342.48	1.83	596.40
<b>Operating profit before working capital changes</b>		<b>5,709.18</b>		<b>4,814.57</b>
Add/(Less): Adjustments for working capital changes				
a. Increase in inventories	(421.50)		(262.41)	
b. Increase in trade receivables	(711.71)		(571.57)	
c. Increase in loans and advances	(445.72)		(421.49)	
d. Increase/(decrease) in trade payables	(77.73)		490.32	
e. Increase in other current liabilities	341.23	(1,315.43)	671.36	(93.79)
<b>Cash generated from operations</b>		<b>4,393.75</b>		<b>4,720.78</b>
Less: a. Income tax	1,604.42		1,365.95	
b. Wealth tax	1.83	1,606.25	0.18	1,366.13
<b>Net cash from operating activities - A</b>		<b>2,787.50</b>		<b>3,354.65</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>				
a. Purchase of tangible fixed assets		(3,303.66)		(724.78)
b. Purchase of intangible fixed assets		(10.30)		(20.97)
c. Increase in capital work-in-progress		(423.26)		(718.50)
d. Decrease/(increase) in intangible assets under development		1.69		(0.25)
e. Sale of tangible fixed assets		4.98		1.80
g. Interest received on bank and other deposits		137.94		112.29
h. Dividend received		144.19		145.27
<b>Net cash from investing activities - B</b>		<b>(3,448.42)</b>		<b>(1,205.14)</b>

**Cash Flow Statement** for the year ended March 31, 2014

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
a. Short term borrowings from banks availed / repaid	(13.70)	42.59
b. Interest free sales tax deferment repaid	(13.67)	(16.92)
c. Interest paid on working capital facilities	(0.03)	(0.11)
d. Dividend paid	(430.45)	(322.84)
e. Dividend tax paid	(73.15)	(52.37)
<b>Net cash from financing activities - C</b>	<b>(531.00)</b>	<b>(349.65)</b>
<b>Net cash flow from all activities (A+B+C)</b>	<b>(1,191.92)</b>	<b>1,799.86</b>
Opening cash and cash equivalents	4,094.68	2,283.19
Add: Net increase/(decrease) in cash and cash equivalents	(1,191.92)	1,799.86
Add: Effect of foreign exchange differences on restatement of cash and cash equivalents	25.87	11.63
<b>Closing cash and cash equivalents</b>	<b>2,928.63</b>	<b>4,094.68</b>
<b>Components of cash and cash equivalents</b>		
i) Balances with banks		
- in current accounts	156.95	238.37
- in deposit accounts	2,445.79	3,652.00
- in exchange earner's foreign currency account	56.65	30.23
ii) Cheques/drafts on hand	268.15	172.61
iii) Cash on hand	1.09	1.47
<b>Closing cash and cash equivalents</b>	<b>2,928.63</b>	<b>4,094.68</b>

Statement on significant accounting policies and notes are an integral part of the financial statements

**Reconciliation of cash and cash equivalents**

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Cash and cash equivalents and other bank balances as per Balance Sheet (Refer Note No. 16)	2,945.67	4,107.90
Less: Bank balances not considered as cash and cash equivalents as defined in AS 3 on Cash Flow Statement		
i) In earmarked accounts		
- Unclaimed dividends	17.04	13.22
<b>Cash and cash equivalents</b>	<b>2,928.63</b>	<b>4,094.68</b>

As per our report of even date attached

For E. Phalguna Kumar & Co.  
Chartered Accountants  
Firm Registration No. 002644SFor Chevuturi Associates  
Chartered Accountants  
Firm Registration No. 000632S

For and on behalf of the Board

E. Chaitanya  
Partner  
(Membership No: 215621)Raghunadha Rao Balineni  
Partner  
(Membership No: 28105)Dr. Ramachandra N Galla  
ChairmanJayadev Galla  
Vice Chairman and  
Managing DirectorPlace : Hyderabad  
Date : May 28, 2014S V Raghavendra  
Chief Financial OfficerM R Rajaram  
Company Secretary

## Notes forming part of the Financial Statements

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1. Corporate Information

Amara Raja Batteries Limited ("the Company") 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 BSE Limited and the National Stock Exchange of India Limited. The Company's products are supplied to various user segments viz., Telecom, Railways, Power Control and UPS under Industrial Battery business; and to Automobile OEMs, Replacement Market and Private Label Customers under Automotive Battery business. The Company's products are being exported to various countries in the Indian Ocean Rim. The Company also provides installation & commissioning and maintenance services to the 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 financial statements are prepared 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, read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, the pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India.

##### b. Use of Estimates

The preparation of the financial statements requires the management of the Company to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, revenue 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 judgments, 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, pre-production expenses including cost of trial runs 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.

Capital work-in-progress and intangible assets under development are stated at the amount expended upto the date of Balance Sheet.

##### d. Depreciation and Amortisation

Depreciation on fixed assets is provided on a straight line basis, at the following rates, which are determined on the basis of useful life of the assets estimated by the management or at rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher:

Asset Group	Estimated useful life
Electrical Installations	upto 21 Years
Plant & Machinery (including Moulds)	upto 12 Years
Computers	4 Years
Office Equipments	8 Years

Depreciation on assets added/ disposed off during the year is provided on pro-rata basis from/upto the date of addition or disposal, as the case may be.

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 five years.

Cost of lease hold land including development fee is amortised over the period of lease on proportionate basis.

## Notes forming part of the Financial Statements

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### e. Impairment of Assets

At each Balance Sheet date, the Company reviews the carrying amounts of the 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.

The impairment loss recognised in the previous accounting periods, if any, is reversed if there has been any change in the estimated recoverable amount.

#### 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 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 diminution is other than of temporary nature.

Current investments are carried at lower of cost and fair market value.

#### h. Inventories

- i) Inventories are valued at lower of cost and net realisable value.
- ii) In respect of raw materials, bought-out items, consumables, stores and spares, 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 is determined on weighted average basis. Cost includes all direct costs and applicable production overheads incurred in bringing such inventories to their present location and condition. Finished goods are valued inclusive of excise duty.
- iv) Goods in transit are stated at actual cost incurred upto the date of Balance Sheet.
- v) Scrap is valued at an estimated net realisable value.

Provision for obsolescence is made wherever necessary. Obsolete inventory items when identified and technically determined, are valued at estimated net realisable value.

#### 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 goods 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 the 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 recognised to the extent of services performed as per the agreements/arrangements with the customers.
- iv) Interest income is recognised on a time proportion basis taking into account the amounts invested and the rate of interest.
- v) Cash discounts are recognised on a time proportion basis with reference to the due date for payment and actual date of payment.
- vi) Dividend income is accounted for in the year in which the right to receive the payment is established.
- vii) Insurance claims are recognised upon acceptance by the Insurance Company.
- viii) Royalty income is recognised in accordance with the substance of the relevant agreement and on an accrual basis.

## Notes forming part of the Financial Statements

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### j. Employee Benefits

##### I) Defined Contribution Plans

- i) Company's contributions 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. Provident Fund contributions are made to the Government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.
- ii) Company's contributions to Superannuation Fund in respect of employees who are members are made under a defined contribution plan, being administrated by 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. The Company has no further obligations to the Scheme beyond its monthly contributions.

##### II) Defined Benefit Plans

- i) Company's liability towards Gratuity in respect of eligible employees at retirement, death, incapacitation or termination of employment is funded and is being administrated 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 using projected unit credit method 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) Expense arising 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 is met. Other development costs are recognised in the Statement of Profit and Loss as and when incurred.

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

#### l. 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 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.

## Notes forming part of the Financial Statements

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Contd.)

#### 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 in future period.

#### 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, quantum of warranty claims and corrective actions against product failures. The cost of warranty is net of realisable scrap value and 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 contracts after adjusting for claims which are no longer required.

#### q. Provision for doubtful trade receivables

Receivables due from customers, which remain unpaid for more than one year from the due date and / or other receivables which are otherwise considered doubtful are recognised and provided for as provision for doubtful trade receivables.

#### r. 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 ensuing Annual General Meeting.

#### s. 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.

#### t. 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.

#### u. 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.

## Notes forming part of the Financial Statements

### NOTE 2: SHARE CAPITAL

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
Equity share capital		
Authorised		
200,000,000 Equity shares of ₹1 each	200.00	200.00
Issued	-	-
175,028,500 Equity shares of ₹1 each	175.03	175.03
Subscribed and paid up	-	-
170,812,500 Equity shares of ₹1 each	170.81	170.81
<b>Total</b>	<b>170.81</b>	<b>170.81</b>

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of shares	₹ million	No. of shares	₹ million
Equity share capital				
Shares outstanding at the beginning of the year	17,08,12,500	170.81	8,54,06,250	170.81
Add: Shares issued during the year	-	-	-	-
Add: Sub-division of shares of ₹2 each into ₹1 each*	-	-	8,54,06,250	-
Less: Shares bought back / forfeited during the year	-	-	-	-
Shares outstanding at the end of the year	17,08,12,500	170.81	17,08,12,500	170.81

\* The Company has sub-divided the equity shares of face value of ₹2 each into 2 equity shares of face value of ₹1 each on September 26, 2012.

#### b) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a face value of ₹1 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 approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the holders 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) Shareholders holding more than 5% of shares in the Company

Name of shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of shares held	% of total shares	No. of shares held	% of total shares
Equity Shares				
Dr Ramachandra N Galla	1,27,95,074	7.49	1,27,95,074	7.49
Sri Jayadev Galla	1,28,21,984	7.51	1,28,21,984	7.51
Johnson Controls (Mauritius) Private Limited	4,44,11,250	26.00	4,44,11,250	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 of face value of ₹2 each as fully paid-up bonus shares by capitalising part of general reserve.



## Notes forming part of the Financial Statements

### NOTE 3: RESERVES AND SURPLUS

₹ million

Particulars	As at March 31, 2014		As at March 31, 2013	
Capital reserve		0.01		0.01
Securities premium account		311.86		311.86
General reserve				
As per last Balance Sheet	1,817.27		1,530.56	
Add: Transfer from surplus in the Statement of Profit and Loss	367.44		286.71	
		2,184.71		1,817.27
Surplus in the Statement of Profit and Loss				
As per last Balance Sheet	8,298.19		6,221.45	
Add: Profit for the year	3,674.36		2,867.05	
Amount available for appropriation	11,972.55		9,088.50	
Less: Appropriations				
Transfer to general reserve	367.44		286.71	
Proposed dividend	551.72		430.45	
Dividend tax on proposed dividend	93.77		73.15	
		10,959.62		8,298.19
<b>Total</b>		<b>13,456.20</b>		<b>10,427.33</b>

#### Remittance in foreign currency on account of dividends

Particulars	Paid in 2013-14		Paid in 2012-13	
Financial year to which dividend relates		2012-13		2011-12
Number of non-resident shareholders to whom remittance made		7		4
Number of shares of ₹1 each (PY ₹2 each) on which remittance made		4,72,53,716		2,25,15,299
Amount of dividend remitted in ₹million		119.08		85.11

### NOTE 4: LONG-TERM BORROWINGS

₹ million

Particulars	Non-current portion		Current maturities	
	As at	As at	As at	As at
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Deferred payment liabilities				
Interest free sales tax deferment (Unsecured)	759.47	773.13	13.66	9.27
<b>Total</b>	<b>759.47</b>	<b>773.13</b>	<b>13.66</b>	<b>9.27</b>

#### 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 each availment in annual installments.

- Eligible amount of interest free sales tax deferment - ₹813.33 million
- Period eligible for availment - January 1998 till September 2015

## Notes forming part of the Financial Statements

### NOTE 4: LONG-TERM BORROWINGS (Contd.)

₹ million

Particulars	As at	
	March 31, 2014	March 31, 2013
Outstanding liability against deferment at beginning of the year	782.40	799.32
Less: Repayments during the year against current portion	9.27	14.60
	773.13	784.72
Less: Repayments during the year against non-current portion	-	2.32
Outstanding liability against deferment at end of the year	773.13	782.40
Deferment liability to be repaid in next 12 months (current portion)	13.66	9.27
Balance deferment liability (non-current portion)	759.47	773.13

### NOTE 5: DEFERRED TAX LIABILITIES (NET)

₹ million

Particulars	As at	
	March 31, 2014	March 31, 2013
As per previous year Balance Sheet	195.09	219.60
Add/(Less): Liability / (Asset) for the year	106.24	(24.51)
<b>Deferred tax liabilities (net)</b>	<b>301.33</b>	<b>195.09</b>

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, 2014		As at March 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Depreciation / amortisation		339.47		240.15
Employee benefits related and other provisions - allowed based on actual payments	36.90		33.45	
Provision for doubtful trade receivables	1.24		11.61	
<b>Total</b>	<b>38.14</b>	<b>339.47</b>	<b>45.06</b>	<b>240.15</b>
<b>Deferred tax liabilities (net of deferred tax assets)</b>		<b>301.33</b>		<b>195.09</b>

### NOTE 6: PROVISIONS

₹ million

Particulars	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Employee benefits</b>				
a) Gratuity	60.98	55.88	9.46	7.81
Less: Fund with LIC of India	61.75	51.97	9.46	7.81
	(0.77)	3.91	-	-
b) Leave encashment (Unfunded)	97.23	83.31	8.11	7.20
<b>Others</b>				
a) Income tax	-	-	1,586.70	1,380.00
b) Wealth tax	-	-	2.00	1.83
c) Proposed dividend	-	-	551.72	430.45
d) Dividend tax	-	-	93.77	73.15
e) Product warranty	273.11	289.19	576.43	600.57
<b>Total</b>	<b>369.57</b>	<b>376.41</b>	<b>2,818.73</b>	<b>2,493.20</b>

## Notes forming part of the Financial Statements

### NOTE 6: PROVISIONS (Contd.)

#### a) Employee benefits (Disclosure required by the AS - 15)

##### I. Defined contribution plans

Contributions recognised in the Statement of Profit and Loss

₹ million

Particulars	Year ended	
	March 31, 2014	March 31, 2013
Employer's contribution to provident fund	23.02	20.39
Employer's contribution to superannuation fund	29.37	25.72
Employer's contribution to employees' state insurance	19.38	12.54
<b>Total recognised in the Statement of Profit and Loss</b>	<b>71.77</b>	<b>58.65</b>

##### II. Defined benefit plans

Reconciliation for changes in present value of defined benefits obligations

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Present value of obligations at beginning of the year	63.69	90.51	54.55	57.08
Current service cost	5.57	46.04	9.14	40.00
Interest cost	4.84	7.11	4.28	4.47
Benefits paid	(3.20)	(3.37)	(4.31)	(2.52)
Net actuarial (gain)/loss	(0.46)	(34.95)	0.03	(8.52)
<b>Present value of obligations at end of the year</b>	<b>70.44</b>	<b>105.34</b>	<b>63.69</b>	<b>90.51</b>

Reconciliation for changes in fair value of plan assets

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Fair value of plan assets at beginning of the year	59.78	-	51.57	-
Expected return	5.17	-	4.71	-
Contribution by employer	9.46	-	7.81	-
Benefits paid	(3.00)	-	(4.31)	-
Fund transferred from other companies	(0.20)	-	-	-
<b>Fair value of plan assets at end of the year</b>	<b>71.21</b>	<b>-</b>	<b>59.78</b>	<b>-</b>

Reconciliation of present value of defined benefit obligations and fair value of plan assets

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Present value of defined benefit obligations at end of the year	70.44	105.34	63.69	90.51
Fair value of plan assets at end of the year	71.21	-	59.78	-
Unfunded status at end of the year	(0.77)	105.34	3.91	90.51
<b>Net liability recognised in the Balance Sheet</b>	<b>(0.77)</b>	<b>105.34</b>	<b>3.91</b>	<b>90.51</b>
Net Liability to be repaid in next 12 months (current portion)	-	8.11	-	7.20
Balance liability (non-current portion)	-	97.23	3.91	83.31

## Notes forming part of the Financial Statements

### NOTE 6: PROVISIONS (Contd.)

Major categories of plan assets as a percentage of total plan assets (Gratuity only)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Qualifying insurance policy	100%	100%

Amounts for the current and previous four financial years (for Gratuity)

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of defined benefit obligations	70.44	63.69	54.55	49.60	40.43
Fair value of plan assets	71.21	59.78	51.57	38.22	26.27
Deficit/(Surplus) in the plan assets	(0.77)	3.91	2.98	11.38	14.16

Note: Details of experience adjustments arising on plan liabilities and plan assets have not been disclosed in the absence of relevant information

Amounts for the current and previous four financial years (for Leave encashment)

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010
Present value of defined benefit obligations	105.34	90.51	57.08	47.13	29.52
Deficit in the plan assets	105.34	90.51	57.08	47.13	29.52
Experience gain on plan liabilities	(33.73)	(29.45)	(15.16)	(14.07)	(9.13)

Expenses recognised in the Statement of Profit and Loss

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Current Service cost	5.57	46.04	9.14	40.00
Interest cost	4.84	7.11	4.28	4.47
Expected return	(5.16)	-	(4.71)	-
Net actuarial (gain)/loss	(0.46)	(34.95)	0.03	(8.52)
<b>Net expenses recognised in the Statement of Profit and Loss</b>	<b>4.79</b>	<b>18.20</b>	<b>8.74</b>	<b>35.95</b>

%

Actuarial assumptions	Year ended March 31, 2014		Year ended March 31, 2013	
	Gratuity	Leave Salary	Gratuity	Leave Salary
a) Discount rate	8.00	8.00	8.00	8.00
b) Attrition rate	4.00	8.39	4.00	8.10
c) Salary escalation rate per unit	7.00	13.00	7.00	13.00
d) Expected / Actual return	9.12	-	9.12	-

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

## Notes forming part of the Financial Statements

### NOTE 6: PROVISIONS (Contd.)

#### b) Movement in provision for product warranties

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Provision as at beginning of the year	889.76	733.62
Provision made during the year	560.35	799.40
Withdrawn/reversed during the year	600.57	643.26
Provision as at end of the year	849.54	889.76

### NOTE 7: SHORT-TERM BORROWINGS

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand		
Cash credit from banks (Secured)		
State Bank of India	56.57	98.63
Andhra Bank	27.26	-
<b>Total</b>	<b>83.83</b>	<b>98.63</b>

The working capital facilities from State Bank of India, State Bank of Hyderabad, Andhra Bank and The Bank of Nova Scotia are secured by hypothecation of all current assets of the Company. The fixed assets of the Company are provided as collateral security by way of pari-passu second charge for the working capital facilities availed from State Bank of India.

### NOTE 8: TRADE PAYABLES

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
(Unsecured)		
Trade payables		
i) Dues to Micro, Small and Medium Enterprises	4.87	7.17
ii) Others	1,272.92	1,355.67
<b>Total</b>	<b>1,277.79</b>	<b>1,362.84</b>

#### Notes relating 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:

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	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 the payment 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 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

## Notes forming part of the Financial Statements

### NOTE 9: OTHER CURRENT LIABILITIES

₹ million

Particulars	As at March 31, 2014		As at March 31, 2013	
(Unsecured)				
Unclaimed dividends*		17.04		13.22
<b>Other payables</b>				
a) Employee related payables	370.12		311.60	
b) Outstanding liabilities	860.06		643.10	
c) Commission payable to Non-Executive Chairman	175.99		140.88	
d) Excise duty/Service tax payable	15.36		4.17	
e) Sales tax payables	169.88		200.39	
f) TDS/TCS payables	31.31		14.48	
g) Advances from customers	25.02		42.52	
h) Creditors for capital goods/services	176.30		214.15	
i) Other non-trade payables	301.94	2,125.98	213.48	1,784.77
<b>Sub-Total</b>		<b>2,143.02</b>		<b>1,797.99</b>
Add: Current maturities of long-term debt (Refer Note No. 4)				
Interest free sales tax deferment (Unsecured) repayable within 12 months		13.66		9.27
<b>Total</b>		<b>2,156.68</b>		<b>1,807.26</b>

\*The unclaimed dividends represent those relating to the years 2006-07 to 2012-13 (for previous year from 2005-06 to 2011-12) and no part thereof has remained unpaid or unclaimed for a period of seven years or more from the date they became due for payment requiring transfer to the Investor Education and Protection Fund.

## Notes forming part of the Financial Statements

### NOTE 10: FIXED ASSETS & DEPRECIATION

₹ million

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION				IMPAIRMENT			NET BLOCK			
	As at March 31, 2013	Additions during the year	Deductions during the year	As at March 31, 2014	Upto March 31, 2013	For the year	On Deductions	Upto March 31, 2014	Upto March 31, 2013	For the year	On Deductions	Upto March 31, 2014	As at March 31, 2013	As at March 31, 2014
<b>A. Tangible assets</b>														
Land and land development														
- Freehold land	170.17	-	-	170.17	-	-	-	-	75.52	-	-	75.52	94.65	94.65
- Leasehold land*	133.65	267.86	-	401.51	0.84	2.22	3.06	3.06	-	-	-	-	398.45	132.81
Buildings	934.48	858.44	6.68	1,786.24	172.70	28.42	3.76	197.36	-	-	-	-	1,588.88	761.78
R&D buildings	9.90	9.03	-	18.93	4.59	0.48	5.07	5.07	-	-	-	-	13.86	5.31
Plant & machinery	4,549.43	1,950.56	121.13	6,378.86	2,527.37	522.95	105.11	2,945.21	-	-	-	-	3,433.65	2,022.06
R&D plant & machinery	118.84	36.85	9.75	145.94	81.90	12.84	8.95	85.79	-	-	-	-	60.15	36.94
Electrical installations	468.15	58.55	4.52	522.18	153.50	31.08	4.24	180.34	-	-	-	-	341.84	314.65
Furniture	79.25	21.56	0.002	100.81	42.45	4.87	0.002	47.32	-	-	-	-	53.49	36.80
Vehicles	105.50	37.65	12.54	130.61	33.81	9.73	10.07	33.47	-	-	-	-	97.14	71.69
Office equipment	181.06	63.16	6.71	237.51	102.78	24.09	6.19	120.68	-	-	-	-	116.83	78.28
<b>Total</b>	<b>6,750.43</b>	<b>3,303.66</b>	<b>161.33</b>	<b>9,892.76</b>	<b>3,119.94</b>	<b>636.68</b>	<b>138.32</b>	<b>3,618.30</b>	<b>75.52</b>	<b>-</b>	<b>-</b>	<b>75.52</b>	<b>6,198.94</b>	<b>3,554.97</b>
Previous year	6,181.26	724.78	155.61	6,750.43	2,656.46	578.04	114.56	3,119.94	-	-	-	-	3,554.97	3,524.80
<b>B. Intangible assets</b>														
Brands/trademarks	0.12	-	-	0.12	0.12	-	-	0.12	-	-	-	-	-	-
Computer software	52.08	10.30	-	62.38	18.39	11.04	-	29.43	-	-	-	-	32.96	33.69
<b>Total</b>	<b>52.20</b>	<b>10.30</b>	<b>-</b>	<b>62.50</b>	<b>18.51</b>	<b>11.04</b>	<b>-</b>	<b>29.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.96</b>	<b>33.69</b>
Previous year	31.23	20.97	-	52.20	10.31	8.20	-	18.51	-	-	-	-	33.69	20.92
<b>Grand Total (A+B)</b>	<b>6,802.63</b>	<b>3,313.96</b>	<b>161.33</b>	<b>9,955.26</b>	<b>3,138.45</b>	<b>647.72</b>	<b>138.32</b>	<b>3,647.85</b>	<b>75.52</b>	<b>-</b>	<b>-</b>	<b>75.52</b>	<b>6,231.90</b>	<b>3,588.66</b>
Previous year	6,212.49	745.75	155.61	6,802.63	2,666.77	586.24	114.56	3,138.45	-	-	-	-	3,588.66	3,545.72
<b>C. Capital work-in-progress</b>														
<b>D. Intangible assets under development</b>														
<b>Total</b>														
<b>Total</b>														
<b>Total</b>														
<b>Total</b>														
<b>Total</b>														

\*Leasehold land represents one time lease rental paid for 99 years. Amortisation of leasehold land rent of ₹2.85 million is capitalised/included in capital work-in-progress as part of pre-operative expenses.

## Notes forming part of the Financial Statements

### NOTE 11: NON-CURRENT INVESTMENTS

₹ million

Particulars	As at March 31, 2014		As at March 31, 2013	
<b>A. In Equity Instruments</b>				
<b>a. Quoted - Non trade at cost</b>				
i) 125 Fully paid up equity shares of ₹1 each				
in Standard Batteries Limited	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 Limited	0.001		0.001	
iii) 10,000 Fully paid up equity shares of ₹1 each				
in Exide Industries Limited	0.04		0.04	
iv) 5,500 Fully paid up equity shares of ₹1 each				
in HBL Power Systems Limited	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 Limited	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>b. Unquoted - Non trade at Cost</b>				
i) 1,128 Fully paid up equity shares of ₹10 each				
in Indian Lead Limited	0.03		0.03	
Less: Provision for diminution in value	0.03	-	0.03	-
<b>c. Unquoted - Trade at Cost</b>				
i) 1,206,000 Fully paid up equity shares of ₹10 each				
in Andhra Pradesh Gas Power Corporation Limited		157.14		157.14
<b>B. In Government Securities - Non trade at Cost</b>				
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
<b>Total</b>		<b>160.76</b>		<b>160.76</b>
<b>Aggregate of quoted investments</b>				
At cost		3.56		3.56
At market value		19.51		27.86
<b>Aggregate of un-quoted investments - at cost</b>		<b>157.24</b>		<b>157.24</b>
<b>Aggregate provision for diminution in value of Investments</b>		<b>0.04</b>		<b>0.04</b>



## Notes forming part of the Financial Statements

## NOTE 12: LOANS AND ADVANCES

₹ million

Particulars	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured and considered good)				
Capital advances	215.52	155.11	-	-
Refundable deposits	179.22	161.07	0.61	1.35
Loans and advances to related parties	172.95	37.34	20.03	-
Other loans and advances				
a) Material and other advances	-	-	149.37	182.30
b) Excise duty, service tax and VAT paid in advance	-	-	323.38	72.52
c) Income tax paid in advance and TDS receivables	-	-	1,558.95	1,340.64
d) Excise duty and sales tax paid under protest	-	-	25.18	21.92
e) Electricity charges paid under protest	-	-	41.78	38.05
<b>Total</b>	<b>567.69</b>	<b>353.52</b>	<b>2,119.30</b>	<b>1,656.78</b>

## Loans and advances to related parties (Refer Note No. 30)

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
Amara Raja Infra Private Limited - Capital advance	172.68	37.34
Mangal Industries Limited - Capital advance	0.27	-
Amara Raja Power Systems Limited - Revenue advance	20.03	-
(Nature of relationship: Companies in which the promoter directors are interested)		
<b>Total</b>	<b>192.98</b>	<b>37.34</b>

## NOTE 13: OTHER ASSETS

₹ million

Particulars	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured and considered good)				
Interest accrued	-	-	15.58	47.72
Prepaid expenses	1.22	3.43	27.58	20.77
<b>Total</b>	<b>1.22</b>	<b>3.43</b>	<b>43.16</b>	<b>68.49</b>

## NOTE 14: INVENTORIES

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
(Valued at lower of cost or net realisable value)		
Raw materials	826.36	666.18
Add: Raw materials in transit	120.73	264.64
<b>Total Raw materials</b>	<b>947.09</b>	<b>930.82</b>
Work-in-process	1,052.11	828.95
Finished goods	941.75	536.44
Stock-in-trade	74.56	368.98
Stores and spares	323.27	255.22
Loose tools	6.07	4.39
Secondary packing materials and others	5.23	3.78
<b>Total</b>	<b>3,350.08</b>	<b>2,928.58</b>

## Notes forming part of the Financial Statements

### NOTE 15: TRADE RECEIVABLES

₹ million

Particulars	As at March 31, 2014		As at March 31, 2013	
(Unsecured)				
a) Trade receivables outstanding for a period exceeding six months from due date				
i) Considered good	34.22		20.19	
ii) Considered doubtful	3.65		34.15	
	37.87		54.34	
Less: Provision for doubtful trade receivables	3.65	34.22	34.15	20.19
b) Other trade receivables				
i) Considered good	4,493.67		3,786.58	
ii) Considered doubtful	-		-	
	4,493.67		3,786.58	
Less: Provision for doubtful trade receivables	-	4,493.67	-	3,786.58
<b>Total</b>		<b>4,527.89</b>		<b>3,806.77</b>

#### Movement in provision for doubtful trade receivables

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Provision as at beginning of the year	34.15	72.84
Provision made during the year	0.07	-
Reversed against collection / written off as bad debts during the year	30.57	38.69
Provision as at end of the year	3.65	34.15

### NOTE 16: CASH AND BANK BALANCES

₹ million

Particulars	As at March 31, 2014		As at March 31, 2013	
a) Cash and cash equivalents				
i) Balances with banks				
in current accounts	156.95		238.37	
in deposit accounts	2,445.79		3,652.00	
in exchange earner's foreign currency account	56.65		30.23	
ii) Cheques/drafts on hand	268.15		172.61	
iii) Cash on hand	1.09	2,928.63	1.47	4,094.68
b) Other bank balances in earmarked accounts				
Unclaimed dividends		17.04		13.22
<b>Total</b>		<b>2,945.67</b>		<b>4,107.90</b>

## Notes forming part of the Financial Statements

## NOTE 17: REVENUE FROM OPERATIONS

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>a) Sale of products</b>		
Storage batteries (finished goods)	35,237.83	30,363.83
Storage batteries (stock-in-trade)	2,089.86	1,493.93
Home UPS (stock-in-trade)	713.58	1,091.61
Gross revenue from sale of products	38,041.27	32,949.37
Less: Excise duty	4,005.15	3,512.45
Net revenue from sale of products	34,036.12	29,436.92
<b>b) Sale of services</b>		
Installation and commissioning	49.14	17.36
Annual maintenance	146.91	96.09
Preventive maintenance	15.41	5.75
Other services	97.86	17.82
Net revenue from sale of services	309.32	137.02
<b>c) Other operating revenue</b>		
Sale of process scrap	21.15	15.21
<b>Net revenue from operations</b>	<b>34,366.59</b>	<b>29,589.15</b>

## NOTE 18: OTHER INCOME

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest Income		
On bank and other deposits	131.22	112.29
Against trade receivables	6.72	10.27
Dividend income		
On current investments - mutual funds	142.68	143.96
On long term investments - equity instruments	1.51	1.31
Net gain on foreign currency transactions and translations	89.88	91.71
Insurance claims	32.27	13.48
Scrap Sales (non-process)	14.07	6.94
Cash discount earned on early payments	10.74	43.35
Provisions and credit balances written back	3.90	6.44
Bad debts recovered	15.15	0.25
Profit on sale of tangible fixed assets written off/discarded	4.49	0.04
Provision on doubtful trade receivables/advances written back	0.30	35.06
Royalty income	0.94	-
Sundry income	1.27	0.41
<b>Total</b>	<b>455.14</b>	<b>465.51</b>

## NOTE 19: COST OF MATERIALS CONSUMED

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening stock	666.18	553.67
Add: Purchases	21,172.13	17,715.63
<b>Sub-total</b>	<b>21,838.31</b>	<b>18,269.30</b>
Less: Closing stock	826.36	666.18
<b>Total</b>	<b>21,011.95</b>	<b>17,603.12</b>

## Notes forming part of the Financial Statements

### NOTE 19: COST OF MATERIALS CONSUMED (Contd.)

#### a) Materials consumed comprise

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Lead	9,882.97	8,221.83
Lead alloys	8,183.44	6,646.43
Separator	895.49	799.95
Others	2,050.05	1,934.91
<b>Total</b>	<b>21,011.95</b>	<b>17,603.12</b>

#### b) Comparison between consumption of imported and indigenous raw materials

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	₹ million	%	₹ million	%
Imported	8,947.17	42.58	7,048.23	40.04
Indigenous	12,064.78	57.42	10,554.89	59.96
<b>Total</b>	<b>21,011.95</b>	<b>100.00</b>	<b>17,603.12</b>	<b>100.00</b>

### NOTE 20: PURCHASES OF STOCK IN TRADE AND CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

#### a) PURCHASE OF STOCK-IN-TRADE

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Storage batteries	1,619.44	1,437.71
Home UPS	494.25	1,194.83
<b>Total</b>	<b>2,113.69</b>	<b>2,632.54</b>

#### b) CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS AND STOCK-IN-TRADE

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
<b>Work-in-process</b>				
Opening stock - Storage batteries	828.95		811.41	
Less: Closing stock - Storage batteries	1,052.11	(223.16)	828.95	(17.54)
<b>Finished goods</b>				
Opening stock - Storage batteries	536.44		563.49	
Less: Closing stock - Storage batteries	941.75		536.44	
	(405.31)		27.05	
Less: Excise Duty on (increase) / decrease of finished goods	(41.95)	(363.36)	6.12	20.93
<b>Stock-in-trade</b>				
Opening stock - Storage batteries	145.01		21.15	
- Home UPS	223.97		23.55	
	368.98		44.70	
Less: Closing stock - Storage batteries	36.73		145.01	
- Home UPS	37.83		223.97	
	74.56	294.42	368.98	(324.28)
<b>Net increase in inventories</b>		<b>(292.10)</b>		<b>(320.89)</b>

## Notes forming part of the Financial Statements

### NOTE 21: EMPLOYEE BENEFITS EXPENSE

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and wages	1,361.32	1,086.99
Contribution to provident and other funds	81.54	69.81
Staff welfare expenses	140.30	105.50
<b>Total</b>	<b>1,583.16</b>	<b>1,262.30</b>

### NOTE 22: FINANCE COSTS

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense		
Working capital facilities	0.03	0.12
Income tax	6.70	2.02
Other borrowing costs	0.45	0.55
<b>Total</b>	<b>7.18</b>	<b>2.69</b>

### NOTE 23: DEPRECIATION AND AMORTISATION EXPENSE

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation	634.41	652.72
Amortisation	11.30	8.20
<b>Total</b>	<b>645.71</b>	<b>660.92</b>

Note: Depreciation includes impairment provision on freehold land of ₹NIL (PY ₹75.52 million).

### NOTE 24: OTHER EXPENSES

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>A. Manufacturing expenses</b>		
a. Stores and spares consumed (including packing material)	449.41	378.41
b. Power and fuel	922.56	978.14
c. Insurance	8.49	7.29
d. Repairs and maintenance to		
i) Machinery	44.46	55.79
ii) Buildings	18.72	63.18
<b>Total (A)</b>	<b>1,443.64</b>	<b>1,433.91</b>
<b>B. Selling expenses</b>		
a. Advertisement and promotion	275.85	154.41
b. Freight outward	595.20	553.25
c. Commission on sales	8.40	10.13
d. Service expenses	219.36	94.16
e. Warehousing and secondary freight	250.50	223.43
f. Other sales expenses	242.15	155.81
g. Royalty on sales	-	0.05
h. Product warranties	383.15	494.62
<b>Total (B)</b>	<b>1,974.61</b>	<b>1,685.86</b>

## Notes forming part of the Financial Statements

### NOTE 24: OTHER EXPENSES (Contd.)

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
<b>C. Administrative expenses</b>				
a. Rent		114.10		98.31
b. Commission to Non-Executive Chairman		175.99		140.88
c. Payment to Auditors (Refer Note No. 28)		3.92		2.73
d. Research and development expenses		4.00		2.83
e. Donations		135.42		112.23
f. Travel and conveyance		147.00		116.70
g. Repairs and maintenance to office equipment		18.50		10.27
h. Communication expenses		18.81		16.58
i. Consultancy charges		34.45		39.18
j. Information technology expenses		26.62		18.71
k. Office maintenance expenses		92.79		83.24
l. Loss on sale of current investments		0.20		-
m. Sundry expenses		96.52		77.71
<b>Total (C)</b>		<b>868.32</b>		<b>719.37</b>
<b>D. Other expenses</b>				
a. Provision for doubtful trade receivables		0.07		-
b. Bad debts and irrecoverable advances written off	32.33		4.84	
Less: Opening provision reversed	30.27	2.06	3.63	1.21
c. Tangible fixed assets written off		24.90		44.27
d. Premium on forward contracts		1.08		-
<b>Total (D)</b>		<b>28.11</b>		<b>45.48</b>
<b>E. Rates and taxes (excluding Income tax)</b>				
a. Rates, taxes and licenses		5.57		3.63
b. Duties and taxes (indirect taxes)		24.35		14.16
c. Wealth tax		2.00		1.83
<b>Total (E)</b>		<b>31.92</b>		<b>19.62</b>
<b>Grand Total (A+B+C+D+E)</b>		<b>4,346.60</b>		<b>3,904.24</b>

#### Comparison between consumption of imported and indigenous stores and spares

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	₹ million	%	₹ million	%
Imported	97.90	21.78	80.38	21.24
Indigenous	351.51	78.22	298.03	78.76
<b>Total</b>	<b>449.41</b>	<b>100.00</b>	<b>378.41</b>	<b>100.00</b>

### NOTE 25: VALUE OF IMPORTS CALCULATED ON CIF BASIS

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Capital goods	1,135.92	346.44
Services	9.08	-
Raw material and components	8,688.41	6,871.52
Stores and spares	103.14	61.22
<b>Total</b>	<b>9,936.55</b>	<b>7,279.18</b>

## Notes forming part of the Financial Statements

### NOTE 26: EXPENDITURE INCURRED IN FOREIGN CURRENCY

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Foreign travel expenses (exclusive of tickets purchased in Rupees)	9.53	4.88
Sales commission	3.79	2.12
Professional and consultation fees	2.87	0.70
Others	20.57	12.31
<b>Total</b>	<b>36.76</b>	<b>20.01</b>

### NOTE 27: FOB VALUE OF EXPORTS

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Sales	1,639.67	1,016.39

### NOTE 28: PAYMENT TO AUDITORS

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
a) For Audit		
Statutory audit	3.00	2.20
Cost audit	0.25	0.16
b) For taxation matters (including tax audit)	0.50	0.25
c) For other matters - certification fee for cost auditor	-	0.04
d) Reimbursement of expenses	0.17	0.08
<b>Total</b>	<b>3.92</b>	<b>2.73</b>

**NOTE 29:** The Company is engaged in the manufacture of lead acid storage batteries. In the perception of the management, identifying the Company's business into further segments as per Accounting Standard – 17, does not arise.

### NOTE 30: RELATED PARTY TRANSACTIONS

#### Related parties particulars pursuant to "Accounting Standard –18"

- I. Parties where control exists: None
- II. Parties with whom transactions have taken place during the year
  - A) List of related parties
    1. Investing party for which the Company is an Associate  
Johnson Controls (Mauritius) Private Limited
    2. Key management personnel  
Sri Jayadev Galla  
Sri Ravi Bhamidipati
    3. 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
Sri Siddharth Galla	Son of Sri Jayadev Galla

## Notes forming part of the Financial Statements

### NOTE 30: RELATED PARTY TRANSACTIONS (Contd.)

#### 4. Enterprises over which key management personnel and / or their relatives exercise significant influence

Amara Raja Power Systems Limited  
 Amara Raja Electronics Limited  
 Mangal Industries Limited  
 Amara Raja Infra Private Limited  
 Amara Raja Industrial Services Private Limited  
 Rajanna Trust  
 Mangamma and Gangulu Naidu Memorial Trust

#### B) Transactions with the Related Parties

₹ million

Particulars	Transactions		Receivables / Deposits		Payables		Share capital	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Dividend / Share capital</b>								
Sri Jayadev Galla	32.31	24.23	-	-	-	-	12.82	12.82
Dr. Ramachandra N Galla	32.24	24.18	-	-	-	-	12.80	12.80
Smt G. Amara Kumari	13.26	9.94	-	-	-	-	5.26	5.26
Smt G. Padmavathi	2.50	1.87	-	-	-	-	0.99	0.99
Dr. G. Ramadevi	20.30	15.23	-	-	-	-	8.06	8.06
Sri Ashok Galla	0.13	0.10	-	-	-	-	0.05	0.05
Sri Siddharth Galla	0.13	0.10	-	-	-	-	0.05	0.05
Mangal Industries Limited	7.85	5.89	-	-	-	-	3.12	3.12
Johnson Controls (Mauritius) Private Limited	111.92	83.94	-	-	-	-	44.41	44.41
<b>Total</b>	<b>220.64</b>	<b>165.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87.56</b>	<b>87.56</b>
<b>Remuneration</b>								
Sri Jayadev Galla	293.32	234.80	-	-	268.48	211.34	-	-
Sri Ravi Bhamidipati	20.83	24.02	-	-	10.43	11.68	-	-
Dr. Ramachandra N Galla	175.99	140.88	-	-	175.99	140.88	-	-
<b>Total</b>	<b>490.14</b>	<b>399.70</b>	<b>-</b>	<b>-</b>	<b>454.90</b>	<b>363.90</b>	<b>-</b>	<b>-</b>
<b>Rents paid</b>								
Sri Jayadev Galla	27.94	9.16	20.41	20.41	-	-	-	-
Dr. Ramachandra N Galla	4.34	1.42	3.16	3.16	-	-	-	-
Dr. G. Ramadevi	27.94	9.16	20.41	20.41	-	-	-	-
Amara Raja Infra Private Limited	1.00	0.95	-	-	-	-	-	-
<b>Total</b>	<b>61.22</b>	<b>20.69</b>	<b>43.98</b>	<b>43.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Donations paid</b>								
Rajanna Trust	107.47	84.36	-	-	-	-	-	-
Mangamma and Gangulu Naidu Memorial Trust	27.90	27.73	-	-	-	-	-	-
<b>Total</b>	<b>135.37</b>	<b>112.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reimbursement/sharing of expenses (Income)</b>								
Amara Raja Power Systems Limited	28.58	25.51	20.03	-	-	-	-	-
Amara Raja Electronics Limited	14.57	15.23	-	-	-	-	-	-
Mangal Industries Limited	12.96	13.00	-	-	-	-	-	-
Amara Raja Infra Private Limited (APSPDCL deposit)	17.01	0.88	15.00	-	-	-	-	-
Amara Raja Industrial Services Private Limited	1.75	0.62	-	-	-	-	-	-
<b>Total</b>	<b>74.87</b>	<b>55.24</b>	<b>35.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Notes forming part of the Financial Statements

## NOTE 30: RELATED PARTY TRANSACTIONS (Contd.)

₹ million

Particulars	Transactions		Receivables / Deposits		Payables		Share capital	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Reimbursement/sharing of expenses (Expenses)</b>								
Amara Raja Power Systems Limited	0.10	0.002	-	-	-	-	-	-
Amara Raja Electronics Limited	0.57	0.01	-	-	-	-	-	-
Mangal Industries Limited	0.66	0.14	-	-	-	-	-	-
Amara Raja Infra Private Limited	-	0.06	-	-	-	-	-	-
Amara Raja Industrial Services Private Limited	0.62	0.48	-	-	-	-	-	-
<b>Total</b>	<b>1.95</b>	<b>0.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sale of goods/services (gross including duties &amp; taxes)</b>								
Amara Raja Power Systems Limited	134.72	123.33	73.29	47.30	-	-	-	-
Amara Raja Electronics Limited	184.80	318.42	101.22	24.92	-	-	-	-
Mangal Industries Limited	9.04	6.55	0.11	0.72	-	-	-	-
<b>Total</b>	<b>328.56</b>	<b>448.30</b>	<b>174.62</b>	<b>72.94</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Purchase of goods/services (gross including duties &amp; taxes)</b>								
Amara Raja Power Systems Limited	1.01	1.77	-	-	-	0.37	-	-
Amara Raja Electronics Limited	425.56	1,241.74	-	-	-	69.06	-	-
Mangal Industries Limited	2,543.33	2,047.95	-	-	226.60	177.77	-	-
Amara Raja Infra Private Limited	31.32	6.28	-	-	10.56	-	-	-
Amara Raja Industrial Services Private Limited	65.74	46.35	-	-	1.47	0.04	-	-
<b>Total</b>	<b>3,066.96</b>	<b>3,344.09</b>	<b>-</b>	<b>-</b>	<b>238.63</b>	<b>247.24</b>	<b>-</b>	<b>-</b>
<b>Purchase of capital goods/services (gross including duties &amp; taxes) and advances recoverable</b>								
Amara Raja Power Systems Limited	57.83	88.80	-	-	1.32	-	-	-
Amara Raja Electronics Limited	0.06	0.02	-	-	-	-	-	-
Mangal Industries Limited	130.64	28.02	0.27	-	2.78	-	-	-
Amara Raja Infra Private Limited	1,488.87	665.69	172.68	37.34	52.32	-	-	-
<b>Total</b>	<b>1,677.40</b>	<b>782.53</b>	<b>172.95</b>	<b>37.34</b>	<b>56.42</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Royalty Income</b>								
Amara Raja Electronics Limited	1.11	-	-	-	-	-	-	-
<b>Total</b>	<b>1.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Discount Received</b>								
Amara Raja Power Systems Limited	0.07	0.22	-	-	-	-	-	-
Amara Raja Electronics Limited	1.05	8.87	-	-	-	-	-	-
Mangal Industries Limited	0.46	7.11	-	-	-	-	-	-
<b>Total</b>	<b>1.58</b>	<b>16.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest Income / receivable</b>								
Amara Raja Power Systems Limited	2.31	8.82	2.12	-	-	-	-	-
Amara Raja Electronics Limited	3.92	0.93	3.92	-	-	-	-	-
Amara Raja Infra Private Limited	0.21	-	0.21	-	-	-	-	-
APSDPCL deposit								
<b>Total</b>	<b>6.44</b>	<b>9.75</b>	<b>6.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: There are no amounts written off / written back or provided for during the year in respect of any related party transactions (previous year ₹Nil)

## Notes forming part of the Financial Statements

### NOTE 31: UNHEDGED FOREIGN CURRENCY EXPOSURE

₹ million

Particulars	Currency	As at March 31, 2014		As at March 31, 2013	
		Foreign currency	Indian Rupee	Foreign currency	Indian Rupee
Sundry creditors	USD	2.72	164.67	2.90	159.46
	EUR	0.14	11.60	0.10	7.02
	GBP	0.03	2.89	0.003	0.25
Advances from customers	USD	0.08	4.63	0.41	22.11
Sundry debtors	USD	2.50	148.86	2.67	143.94
Advances paid	USD	4.55	271.08	1.84	100.91
	EUR	1.49	121.37	0.35	24.79
	GBP	0.86	84.59	0.40	33.23
Foreign currency on hand	USD	0.001	0.06	-	-
Bank balances	USD	0.95	56.66	0.56	30.23

There are no outstanding derivatives instruments as at end of the year (previous year ₹Nil)

### NOTE 32: LEASES

The Company is obligated under cancelable operating leases for offices, warehouses etc, which are renewable at the option of both the lessor and the lessee. Total rental expense debited to the Statement of Profit and Loss under cancelable operating leases amounts to ₹114.10 million (PY ₹983.31 million).

There are no sub-lease payments received / receivable recognised in the Statement of Profit and Loss. Also, there are no contingent rents payable and there are no restrictions imposed by lease agreements such as those concerning dividends and additional debt.

### NOTE 33: EXCEPTIONAL ITEMS

Exceptional items represent net provision for fuel surcharge adjustment for financial years 2009-10 to 2011-12, surcharge on arrears and additional demand charges for financial year 2013-14 of ₹38.84 million (PY ₹91.57 million) claim(s) by Southern Power Distribution Company of Andhra Pradesh Limited as per the orders from Andhra Pradesh Electricity Regulatory Commission.

### NOTE 34: RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED AT THE IN-HOUSE R&D CENTRE

₹ million

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
<b>I. Capital expenditure</b>				
a) Land and buildings				
i) Land	-	-	-	-
ii) Buildings	-	-	-	-
b) Capital equipment		45.87		12.56
<b>II. Revenue expenditure</b>				
a) Salaries and wages including other employee benefits expense	45.39		38.09	
b) Consumption of materials including for consumables and stores & spares	15.07		9.60	
c) Utilities - power	6.67		6.34	
d) Others	8.64	75.77	10.55	64.58
<b>III. Total expenditure incurred at R&amp;D Centre (I + II)</b>		<b>121.64</b>		<b>77.14</b>
<b>IV. Total expenditure on approved R&amp;D Centre excluding land and buildings*</b>		<b>85.40</b>		<b>46.38</b>
<b>V. Amounts received by R&amp;D Centre in cash and/or kind</b>		<b>-</b>		<b>-</b>
<b>VI. Net amount incurred by R&amp;D Centre (IV-V)</b>		<b>85.40</b>		<b>46.38</b>

\* The Company has obtained approval from Department of Scientific and Industrial Research for claiming of weighted tax benefit under Section 35(2AB) of Income Tax Act, 1961 for the financial year 2013-14

## Notes forming part of the Financial Statements

### NOTE 35: REVENUE EXPENDITURE CAPITALISED

₹ million

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries	23.38	1.96
Amortisation and Depreciation	2.85	0.84
Travel expenses	2.77	0.14
Trial run expenses	24.18	-
Others	18.33	0.81
<b>Total</b>	<b>71.51</b>	<b>3.75</b>

### NOTE 36: CONTINGENT LIABILITIES AND COMMITMENTS

₹ million

Particulars	As at March 31, 2014	As at March 31, 2013
<b>A. Contingent liabilities</b>		
Claims against the Company not acknowledged as debts		
i) Excise duty/service tax	11.85	18.76
ii) Sales tax	99.77	76.70
iii) Income tax	14.49	5.68
iv) Electricity	541.86	423.17
v) Export obligation	234.23	1,582.87
[Against all the above, ₹25.18 million (PY ₹21.92 million) was paid under protest]		
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	700.62	996.11

Note: On the basis of the current status of individual cases and as per the legal advice obtained, wherever applicable, the management is of the view that no provision is required in respect of the above cases.

### NOTE 37: EARNINGS PER SHARE

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>Numerator - Earnings</b>		
Net profits for the period in ₹ million	3,674.36	2,867.05
<b>Denominator - Equity shares</b>		
Number of shares at the beginning of the year	17,08,12,500	17,08,12,500
Add: Shares issued during the year	-	-
Less: Shares forfeited / bought back during the year	-	-
Number of shares outstanding at the end of the year	17,08,12,500	17,08,12,500
Weighted average number of shares outstanding at the end of the year (Basic and Diluted)	17,08,12,500	17,08,12,500
<b>Basic and diluted earnings per equity share of ₹1 each</b>	<b>₹21.51</b>	<b>₹16.78</b>

## Notes forming part of the Financial Statements

### NOTE 38:

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

### NOTE 39:

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 40:

Figures have been rounded off to the nearest million.

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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*  
(Membership No: 215621)

Raghunadha Rao Balineni  
*Partner*  
(Membership No: 28105)

Dr. Ramachandra N Galla  
*Chairman*

Jayadev Galla  
*Vice Chairman and  
Managing Director*

Place : Hyderabad  
Date : May 28, 2014

S V Raghavendra  
*Chief Financial Officer*

M R Rajaram  
*Company Secretary*

# Notice of The Annual General Meeting

To the members of  
Amara Raja Batteries Limited

NOTICE is hereby given that the twenty ninth annual general meeting of the members of Amara Raja Batteries Limited will be held on Wednesday, August 6, 2014 at 11:30 AM at the registered office of the Company at Renigunta-Cuddapah Road, Karakambadi- 517 520, Tirupati, Andhra Pradesh to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2014.
3. To appoint a director in place of Mr. Shu Qing Yang (DIN: 01916660), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To appoint a director in place of Dr. Ramachandra N Galla (DIN: 00133761), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
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. Chevaturi Associates, Chartered Accountants, Vijayawada, Firm Registration No. 000632S be and they are hereby 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 and the Board of Directors be and they are hereby authorised to fix the remuneration to the Auditors."

## SPECIAL BUSINESS:

6. To ratify the remuneration of the Cost Auditors for the financial year 2014-15 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies

Act, 2013 (Act) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), M/s. Sagar & Associates, Cost Accountants, Hyderabad, Firm Registration No. 000118, the Cost Auditors appointed by the Board of Directors, to conduct the audit of the cost records of the Company for the financial year 2014-15 at a remuneration of ₹2,50,000 (Rupees Two Lakhs Fifty Thousand only) plus reimbursement of out of pocket expenses and applicable taxes be and is hereby ratified.

**RESOLVED FURTHER** that any of the director or the key managerial personnel be and they are hereby severally authorised to do all acts and take all steps as may be necessary, proper or expedient to give effect to this resolution."

7. To appoint Mr. P Lakshmana Rao (DIN: 01463507) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time to time and clause 49 of the listing agreement entered into with the stock exchanges, Mr. P Lakshmana Rao (DIN: 01463507), who was appointed as a Director liable to retire by rotation under the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years effective from August 6, 2014."

8. To appoint Mr. Nagarjun Valluripalli (DIN: 00034389) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time

to time and clause 49 of the listing agreement entered into with the stock exchanges, Mr. Nagarjun Valluripalli (DIN: 00034389), who was appointed as a Director liable to retire by rotation under the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years effective from August 6, 2014.”

9. To appoint Mr. N Sri Vishnu Raju (DIN: 00025063) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“**RESOLVED that** pursuant to the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time to time and clause 49 of the listing agreement entered into with the stock exchanges, Mr. N Sri Vishnu Raju (DIN: 00025063), who was appointed as a Director liable to retire by rotation under the Companies Act, 1956 and who retires at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years effective from August 6, 2014.”

10. To appoint Mr. T R Narayanaswamy (DIN: 01143563) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“**RESOLVED that** pursuant to the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time to time and clause 49 of the listing agreement entered into with the stock exchanges, Mr. T R Narayanaswamy (DIN: 01143563), who was appointed as a Director liable to retire by rotation under the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years effective from August 6, 2014.”

11. To appoint Mr. Raymond J Brown (DIN: 01916646) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“**RESOLVED that** pursuant to the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, as amended from time to time and clause 49 of the listing agreement entered into with the stock exchanges, Mr. Raymond J Brown (DIN: 01916646), who was appointed as a Director liable to retire by rotation under the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years effective from August 6, 2014.”

12. To appoint Mr. Vikramadithya Gourineni as a Management Executive and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

“**RESOLVED that** pursuant to the provisions of Section 314 (1) (b) read with the Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. Vikramadithya Gourineni, relative of a Director of the Company, for holding/continuing to hold office or place of profit under the Company as Management Executive at a remuneration of ₹2.01 million (CTC) per annum, effective from August 16, 2013.”

13. To authorise the board to enter into lease agreement to take land admeasuring 12 acres on long term lease from Amara Raja Infra Private Limited and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“**RESOLVED that** pursuant to Section 188 and other applicable provisions, if any, of the Companies Act 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) consent of the members of the Company be and is hereby accorded to the Board of Directors for entering into a lease agreement with M/s. Amara Raja

Infra Private Limited to take on lease land admeasuring 12 acres, for the setting up of amenities like hostel and canteen for workmen, situated at Majara Kothapalli Village of Yadamarri Mandal and/or Nunegundlapalle Village of Bangarupalyam Mandal in Chittoor District for a period of 99 years with effect from September 1, 2014 or such other date as may be agreed to by the parties, for a total lease consideration of ₹57.00 million (including ₹36.00 million towards development/ user charges payable from time to time)."

"RESOLVED FURTHER that for the purpose of giving effect to this resolution, the board be and is hereby authorised to finalise, settle and execute such documents/deeds/ writings/ agreements as may be required and do all such acts, deeds and things, as it may in its absolute discretion deem necessary, proper and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid."

By Order of the Board  
For Amara Raja Batteries Limited

Place: Hyderabad  
Date: May 28, 2014

M R Rajaram  
Company Secretary

Corporate Identification Number (CIN):  
L31402AP1985PLC005305

Registered Office:  
Renigunta-Cuddapah Road  
Karakambadi, Tirupati – 517 520  
Andhra Pradesh  
Tel: 91 (877) 226 5000  
Fax: 91 (877) 228 5600  
E-mail: investorservices@amararaja.co.in  
Website: www.amararaja.co.in

## 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 on a poll instead of himself/herself and the proxy so appointed need not be a member of the Company. A person can't act as proxy on behalf of members exceeding fifty and holding in the aggregate more than ten percent of the total share capital of the Company carrying voting rights.  
The proxy form in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Corporate member(s) intending to send their authorised representative(s) to attend the meeting are requested to send to the Company a certified true copy of the board resolution pursuant to Section 113 of the Companies Act, 2013 authorising their representatives to attend and vote on their behalf at the meeting.
3. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, which sets out details relating to the special business to be transacted at the meeting is annexed hereto.
4. The registers i.e Register of Directors and Key Managerial Personnel and Register of Contracts or Arrangements maintained under Section 170 and Section 189 of the Act will be available for inspection to the members at the meeting.
5. The register of members and share transfer books of the Company will remain closed from Friday, August 1, 2014 to Wednesday, August 6, 2014 (both days inclusive), for the purpose of determining the entitlement of member to the dividend for the financial year 2013-14, if declared at the meeting.
6. The dividend, if declared, shall be paid on or before August 31, 2014 to those members whose name appear in the register of members as on the date of the meeting. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of July 31, 2014 as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
7. The copies of the Annual Report 2013-14 are being sent by electronic mode including the notice of the 29th Annual General Meeting of the Company to all the members

whose email-ids are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, the aforesaid documents are being sent in the permitted mode.

8. Members may also note that the notice of the 29th annual general meeting and the Annual Report 2013-14 will be available on the Company's website [www.amararaja.co.in](http://www.amararaja.co.in). The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.
9. Additional information pursuant to Clause 49 of the listing agreement entered with the stock exchanges in respect of the directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting are furnished and forms part of the Notice.
10. Members are advised to refer to the shareholders' referencer placed on the Company's website [www.amararaja.co.in](http://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, unclaimed/unpaid dividend, unclaimed shares, dematerialisation/rematerialisation of shares, transfer/transmission / transposition / duplicate certificates, etc, nomination facility, miscellaneous matters and other information. Members are also advised to refer to the general shareholders' information in the corporate governance section of the annual report to know more information pertaining to shares of the Company.
11. To support the 'Green Initiative', members who have not registered their e-mail addresses so far are requested to register their e-mail address with RTA/Depositories for receiving all communication(s) including Annual Report, Notices, Circulars, etc. from the Company electronically.
12. Members seeking any information with regard to the financial statements, are requested to write to the Company atleast 7 days before the meeting so as to enable the management to keep the information ready at the meeting.
13. Members are requested to handover the attendance slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall.
14. **Voting through electronic means (E-voting)**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and clause 35B of the listing agreement, the Company is pleased to provide e-voting facility to the members to exercise their right to vote electronically on all the resolutions set forth in this notice.

The Company has engaged the services of Karvy Computershare Private Limited (Karvy) to provide e-voting facility. The e-voting facility is available at the link: <https://evoting.karvy.com>

A separate communication / notice is being sent to all the shareholders to enable them to cast their votes through e-voting.



## Statement pursuant to Section 102 (1) of the Companies Act, 2013(Act)

The following statement sets out all material facts relating to special business mentioned in the accompanying notice dated May 28, 2014 and shall be taken as forming part of the notice.

### Item No. 6

The Board of Directors at their meeting held on May 28, 2014, on recommendation of the Audit Committee, approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad as cost auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2014-15 on a remuneration of ₹2,50,000 (Rupees Two Lakhs Fifty Thousand only) plus reimbursement of out of pocket expenses and applicable taxes.

Pursuant to the provisions of the Section 148 of the Companies Act read with the Companies (Audit and Auditors) Rules, 2014, consent of the members is sought for passing an ordinary resolution as set out at item no. 6 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2014-15.

### Item Nos. 7 to 11

As per the provisions of sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 (Act), the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, the independent directors shall be appointed for a term of upto five consecutive years and they are not liable to retire by rotation.

Non-Executive Independent Directors i.e Mr. P Lakshmana Rao, Mr. Nagarjun Valluripalli, Mr. N Sri Vishnu Raju, Mr. T R Narayanaswamy and Mr. Raymond J Brown ("Non-Executive Independent Directors) were appointed as directors liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. It is proposed to appoint all the non-executive independent directors under Section 149 of the Act and clause 49 of the listing agreement entered into with the stock exchanges to hold office for five consecutive years effective from August 6, 2014.

The Company has received notices in writing under Section 160 of the Act, from members along with a requisite deposit amount proposing the candidature of each of the non-executive independent director (except for Mr. N Sri Vishnu Raju who retires at this AGM) for the office of Independent Director under Section 149 of the Act.

The Board of Directors have reviewed the declarations made by each of the non-executive independent directors that they

meet the criteria of independence as provided in Section 149(6) of the Act, and the Board has formed an opinion that they fulfill the conditions specified in the Act and the rules made thereunder and are independent of the management.

A copy of the draft letter of appointment of each of the non-executive independent directors setting out their terms and conditions is available for inspection without out any fee at the registered office of the Company during normal business hours on working days upto the date of Annual General Meeting.

Each of the non-executive independent directors is interested in the resolutions set out respectively at Item Nos. 7 to 11 of the Notice with regard to their respective appointments. The relatives of each of the non-executive independent directors may be deemed to be interested in the resolution set out respectively at Item Nos. 7 to 11 of the Notice, to the extent of their shareholding interest, if any, in the Company in the said resolution.

### Item No. 12

Mr. Vikramadithya Gourineni (Mr. Vikram), grandson of Dr. Ramachandra N Galla, Chairman was appointed as management executive of the Company with effect from August 16, 2013 at a remuneration of ₹2.01 million (CTC) per annum. Mr. Vikram is relative under Section 6 read with Schedule IA to the Companies Act, 1956. Mr. Vikram holds bachelor's degree in Science (Natural Sciences) from University of Wisconsin and worked as management trainee at Leprino Goods in Lemoore, California before he joined the Company.

The resolution at item no. 12 seeks the approval of the members by way of special resolution pursuant to Section 314 of the Companies Act, 1956.

Dr. Ramachandra N Galla, Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director to the extent of their shareholding in the Company are interested in the resolution set out at Item No. 12 of the Notice. The relatives of Dr. Ramachandra N Galla, Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director may be deemed to be concerned or interested to the extent of their shareholding interest, if any, in the Company in the said resolution.

### Item No. 13

The Company had undertaken green field expansion projects for enhancing the capacity in both Industrial and Automotive Batteries at Nunegundlapalle Village, Bangarupalyam Mandal in Chittoor district. These facilities have been put up on 100

acres of land taken on long lease of 99 years from Amara Raja Infra Pvt Ltd (ARIPL). The said land is part of the proposed 482 acres of Industrial Park being developed by ARIPL. In order to cover the green belt requirement and also to construct hostel /canteen and other amenities for workmen and staff, the Company proposes to take an additional land of 12 acres which would be in close proximity to the existing plant.

ARIPL is a related party as per the provisions of Section 2(76) of the Companies Act 2013(Act). The proposed lease of land on a long term basis may be deemed not in the ordinary course of business and hence members approval is being sought by way of a special resolution pursuant to the provisions of Section 188 of the Act.

The particulars of the transaction required to be disclosed under the provisions of the Act and Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as under

- a. Name of the Related Party and nature of relationship: Amara Raja Infra Private Limited (ARIPL). Dr. Ramachandra N Galla, Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director are directors in ARIPL and they along with their relatives hold 100% of the paid-up share capital of ARIPL.
- b. Nature and duration of the contract: Lease Deed to take land on lease admeasuring 12 acres situated at Majara Kothapalli Village of Yadamarri Mandal and/or Nunegundlapalle Village of Bangarupalyam Mandal in Chittoor District for 99 years from September 1, 2014 or such other date as may be agreed by the Company and ARIPL.
- c. Material terms including consideration:
  - i. Area of land : 12 Acres
  - ii. Long term Lease for a period of 99 years.
  - iii. Cost per acre at ₹4.75 million totaling to ₹57 million which includes cost for development of infrastructure and common facilities by ARIPL.
  - iv. Cost of the land is ₹21 million payable upfront and the balance ₹36 million is towards developmental/ user fee payable by the Company to ARIPL in a phased manner depending on completion of infrastructure/ developmental works
  - v. The long term lease facilitates the Company (ARBL) to sub-lease, license, sub-license, the whole or any part of the land or to assign its rights under this lease, provided that any such assignment or sub-lease, license, sub-license shall always be subject to the terms of the lease.

vi. Indemnity against any loss that may be suffered by the Company (ARBL) due to any act of omission or commission by ARIPL and their assigns or loss due to any act of government or quasi or judicial authority by any act with regard to the ownership and transferability/ lease of the land.

vii. ARIPL and its directors will indemnify ARBL and its directors/assigns for any loss that may arise due to any act/requirement which would invalidate the usage of land for the setting up/running of the manufacturing facility set up/to be set up by the Company during the lease term.

viii. The Company (ARBL) alone has the right to terminate the lease in case of issue(s) arising or leading to termination of the contract.

ix. Jurisdiction of courts : Chittoor, India

- d. Any advance paid : Nil
- e. Manner of determining the pricing, commercial terms and the factors considered:

All the relevant factors such as location, state of the land, prevailing market rates, proximity to the new plant, the entire development of the land by ARIPL wherein various industries are expected to set up their facilities, the potential of the area to become an industrial Hub and the resultant benefits which would accrue to the Company in future were considered in determining the price and other commercial terms.

A copy of the draft lease deed proposed to be entered with ARIPL is available for inspection without any fee by the members at the registered office of the Company during normal business hours on working days upto the date of Annual General Meeting.

Dr. Ramachandra N Galla, Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director to the extent of their shareholding in the Company are interested in the resolution set out at Item No. 13 of the Notice. The relatives of Dr. Ramachandra N Galla, Chairman and Mr. Jayadev Galla, Vice Chairman and Managing Director may be deemed to be concerned or interested to the extent of their shareholding interest, if any, in the Company in the said resolution.

By Order of the Board  
For Amara Raja Batteries Limited

M R Rajaram  
Company Secretary

Place: Hyderabad  
Date: May 28, 2014

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 annual general meeting are 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	<p>Dr. Ramachandra N Galla (Dr. Galla) started his career with US Steel Corporation, Pittsburg, Pennsylvania, USA and later joined Sargent &amp; Lundy in 1971. He has worked in various capacities until 1985 before he turned a full time entrepreneur and founder of the Amara Raja group of companies.</p> <p>He has promoted and established many business ventures spanning across automotive components, industrial batteries, power electronics, engineering precision products, food and infrastructure. The group has established state of the art manufacturing infrastructure in the Chittoor district of Andhra Pradesh and has employed more than 7000 people directly with many more indirect employment opportunities being created in rural society.</p> <p>Dr.Galla's mission statement has always been 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 people all the time. True to his mission statement and his interest in social uplift of people, Dr. Galla has initiated various CSR activities in the area of education, water conservation and irrigation schemes, social afforestation etc.</p> <p>He has been conferred Honorary Doctorate by Sri Venkateswara University, Tirupati in 2007 and later by Jawaharlal Nehru Technological University, Hyderabad in 2008 and has also received many awards for his entrepreneurial efforts and contribution to social cause.</p>
Name(s) of other Companies in which Directorships held	<p>Amara Raja Power Systems Limited</p> <p>Mangal Industries Limited (formerly known as Mangal Precision Products Limited)</p> <p>Amara Raja Electronics Limited</p> <p>Amara Raja Infra Private Limited</p> <p>Amaron Batteries Private Limited</p> <p>Amara Raja Industrial Services Private Limited</p> <p>RNGalla Family Holdings Private Limited</p> <p>Andhra Pradesh Gas Power Corporation Limited</p>
Name of other Companies in which Committee membership(s)/ Chairmanship(s) held	Mangal Industries Limited – Chairman of Audit Committee
Total shares held by him in the Company	1,27,95,074 equity shares of ₹1 each
Relationship with other directors	Dr. Ramachandra N Galla is the father of Mr. Jayadev Galla, Managing Director

<b>II. Name of the Director</b>	<b>Mr. Shu Qing Yang</b>
Date of Birth	March 24, 1955
Qualification	Master's Degree in Mechanical Engineering from the University of Southern California in Los Angeles, California
Expertise	<p>Mr. Shu Qing Yang is the Vice President, Johnson Controls Inc, Government Affairs, China responsible for establishing the corporate government affair function in China since October 2012. Prior to this, he served as Vice President and General Manager since 2007 responsible for growing Power Solution Business in the Asia Pacific Region with locations in China, India, Japan, Korea and ASEAN regions.</p> <p>He has been relocated to Shanghai in 2005 from US later to Singapore where he served as Vice President, Business Development and Strategy Asia Pacific for JCI's seating/interior business over ten years.</p>
Name(s) of other Companies in which Directorships held	Nil
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. Shu Qing Yang is not related to any other Director of the Company.

<b>III. Name of the Director</b>	<b>Mr. P Lakshmana Rao</b>
Date of Birth	October 28, 1939
Qualification	Bachelor degree in Commerce and is a Fellow Member of Institute of Chartered Accountants of India.
Expertise	Mr. P Lakshmana Rao is a partner of M/s. Brahmayya & Co., Chartered Accountants, Vijayawada and Guntur, since 1974. He is associated with various educational institutions/ trusts as governing body member as President/ Vice President.
Name(s) of other Companies in which Directorships held	Lalitha Real Estates Private Limited Veeraiah Non-Conventional Power Projects 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. P Lakshmana Rao is not related to any other Director of the Company

<b>IV. Name of the Director</b>	<b>Mr. Nagarjun Valluripalli</b>
Date of Birth	May 6, 1968
Qualification	Master degree in Science from the Birla Institute of Technology and Science (BITS), Pilani, Rajasthan, India
Expertise	<p>Mr. Nagarjun Valluripalli served as the founder, Chairman, President and Chief Executive Officer of Intelligroup, Inc. from 1993 till 2005. Intelligroup Inc. provided systems integration and IT outsourcing services and employed over 3000 professionals worldwide.</p> <p>Through the years he has received various awards which includes NJ Fast 50 awards in the years 1995, 1996 and 1997, NJ Fast 500 award in 1999, NJ Ernst and Young Entrepreneur of the Year Winner in 2001, VAR Business awards in 2000, 2001 and 2003 and Ronald Reagan Technology award from the World Business Forum for 2004.</p> <p>He is also a strategic investor in numerous companies from software, Food &amp; Beverages, Consumer Electronics, Business Process Outsourcing to Power and Infrastructure.</p>
Name(s) of other Companies in which Directorships held	Silicon Leasing and Investments Limited and many other Private Limited Companies.
Name of other Companies in which Committee membership(s)/ Chairmanship (s) held	Silicon Leasing and Investments Limited – Member of Audit Committee and Shareholders/Investors Grievance Committee.
Total shares held by him in the Company	3,000 equity shares of ₹1 each
Relationship with other directors	Mr. Nagarjun Valluripalli is not related to any other Director of the Company
<b>V. Name of the Director</b>	<b>Mr. N Sri Vishnu Raju</b>
Date of Birth	December 28, 1973
Qualification	Bachelor's of Engineering from Osmania University, Hyderabad
Expertise	Mr. N Sri Vishnu Raju is an Alumnus of the Harvard Business School having completed the OPM programme. He was earlier a Director in Raasi Cements Limited and Raasi Ceramics Limited. He is the Founder and Chairman of Exciga Group
Name(s) of other Companies in which Directorships held	<p>Raasi Computer Limited</p> <p>Raasi Software Corporation Limited</p> <p>Heritage Foods Limited</p> <p>Elansoft Infotech Limited and many other Private Limited Companies.</p>
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 other director of the Company

<b>VI. Name of the Director</b>	<b>Mr. T R Narayanaswamy</b>
Date of Birth	March 14, 1977
Qualification	Bachelor's degree in commerce from Loyola College, University of Madras and a Master degree in Commerce with specialisation in International Marketing from the University of Madras.
Expertise	Mr. T R Narayanaswamy is a business man and has floated many companies. He is the Chief Executive Officer of Results Marine Private Limited, Chennai. He has immense knowledge in the fields of business, finance and marketing.
Name(s) of other Companies in which Directorships held	Birdie Investments (Madras) Private Limited Tattva Home Healthcare Private Limited (Formerly known as "Reson Unified Logistics & Technical Services Private Limited") Results Marine Private Limited Tattva Holdings Private Limited Thanga Mayil Jewellery Limited Tattva Shipping Private Limited Tattva Survey Private Limited Results Investments Private Limited Results Survey Private Limited
Name of other Companies in which Committee membership(s)/ Chairmanship (s) held	Birdie Investments (Madras) Private Limited – Member of Audit Committee
Total shares held by him in the Company	Nil
Relationship with other directors	Mr. T R Narayanaswamy is not related to any other director of the Company
<b>VII. Name of the Director</b>	<b>Mr. Raymond J Brown</b>
Date of Birth	August 28, 1950
Qualification	B.A. degree in Accounting & Finance from Pennsylvania State University
Expertise	He joined Johnson Controls Inc., (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 Asia/Pacific business. During his stint in JCI, he was involved in the global battery growth of JCI in Mexico, South America, Europe, and Asia. He resides in Brighton, Michigan, USA and 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.
Name(s) of other Companies (other than Amara Raja Batteries Limited) in which Directorships held	Nil
Name of other Companies (other than Amara Raja Batteries Limited) 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 other director of the Company



"There is always room at the top."  
- Daniel Webster



# Proxy Form

Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



**Amara Raja Batteries Limited**

CIN: L31402AP1985PLC005305

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

Tel: 91 (877) 226 5000 Fax: 91 (877) 228 5600

investorservices@amararaja.co.in | www.amararaja.co.in

## 29th Annual General Meeting - August 6, 2014

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Name of the Member(s)

---

Registered address

---

E-mail id

---

Folio No./ Client ID No.

---

DP ID

---

I/We, being the member (s) of ..... shares of the Amara Raja Batteries Limited, hereby appoint

1. Name : .....

Address : .....

e-mail id : .....

Signature : .....or failing him/her

2. Name : .....

Address : .....

e-mail id : .....

Signature : .....or failing him/her

3. Name : .....

Address : .....

e-mail id : .....

Signature : .....or failing him/her



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual general meeting of the Company, to be held on Wednesday, August 6, 2014 at 11:30 a.m. at Renigunta-Cuddapah Road, Karakambadi, Tirupati -517 520 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Adoption of the audited statement of Profit and Loss for the year ended March 31, 2014 and the Balance Sheet as at that date together with the reports of the Board of Directors' and Auditors' thereon.
  2. Declaration of dividend for the financial year 2013-14.
  3. Re-appointment of Mr. Shu Qing Yang as a director of the Company.
  4. Re-appointment of Dr. Ramachandra N Galla as a director of the Company.
  5. Appointment of the joint statutory auditors of the Company.
  6. Ratification of the remuneration to be paid to the cost auditors of the Company for the financial year 2014-15.
  7. Appointment of Mr. P Lakshmana Rao as an Independent Director.
  8. Appointment of Mr. Nagarjun Valluripalli as an Independent Director.
  9. Appointment of Mr. N Sri Vishnu Raju as an Independent Director.
  10. Appointment of Mr. T R Narayanaswamy as an Independent Director.
  11. Appointment of Mr. Raymond J Brown as an Independent Director.
  12. Appointment of Mr. Vikramadithya Gourineni, relative of a Director of the Company as a Management Executive.
  13. Approval to the Board to enter into lease agreement with Amara Raja Infra Private Limited.
- 

Signed this ..... day of ..... 2014

Please Affix  
Revenue  
Stamp

Signature of the Member

**Notes:**

1. The proxy form to be effective, should be duly stamped, completed, signed and 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.





**SAFE HARBOUR** 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.

