



[OUR NEW PLANT]

17TH ANNUAL REPORT
2001 - 2002

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AMARA RAJA BATTERIES LIMITED

 **Amara Raja** 
Powered by Innovation

[OUR NEW LOGO]

● ● The new Amara Raja logo reflects the dynamic spirit of the company. The emblem demonstrates the interplay of the universal Yin Yang symbols and the philosophy of balanced forces. The colours green and black emphasise the perfect symmetry of absorbing and releasing energies, while the entire form in continuous motion signifies unrelenting progress.

The colour green also elucidates the role of technology as an integral part of the company's growth. Not incidentally, it also connotes the company's resolve to preserve the environment.



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BOARD OF DIRECTORS

Mr. Ramachandra N. Galla
Chairman & Managing Director

Dr. Upendranath Nimmagadda
Alternate Director: Mr. V. R. Rao

Mr. P. Lakshmana Rao

Mrs. Amara Kumari Galla

Mr. Arthur F. Nennig Jr.
Alternate Director: Ms. Manjula Chawla

Mr. Douglas C. Brown
Alternate Director: Mr. Rohit Kochhar

Mr. Mark L. Koczela

Mr. K. Satish Reddy

Mr. Jayadev Galla
Executive Director

COMPANY SECRETARY

Mr. P. Varadarajan

AUDITORS

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

M/s. Chevuturi Associates
Chartered Accountants, Vijayawada

BANKERS

State Bank of India
Settipalle, Tirupati

Andhra Bank
Main Branch, Tirupati

State Bank of Hyderabad
Main Branch, Tirupati

REGISTERED OFFICE

Renigunta - Cuddapah Road, Karakambadi - 517 520
Tirupati, Andhra Pradesh, India.

REGISTRAR AND SHARE TRANSFER AGENTS

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



CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me great pleasure to present the financial performance of your Company.

The year 2001-02 had more than its fair share of challenges and tragedies. September 11 and the subsequent events caused difficulties for almost every business and for the world at large. In India, and particularly for the automotive industry, the year proved a challenge resulting in one of the lowest growth rates in the decade. Your own Company faced a crisis at the beginning of calendar year 2001 when the Company's traded share prices witnessed a sudden spurt leading to contradicting reports in the media. I would like to take this opportunity to state that neither the Company, nor its promoters or joint venture partners were directly or indirectly involved in the episode. In fact, the management had, of its own volition, written to the Mumbai Stock Exchange to look into the matter and subsequent investigation proved that the Company, its promoters and joint venture partners were not involved.

In spite of these challenges, I am proud to state that in 2001-02 Amara Raja recorded the highest sales in its history and we have been able to end the year with a strengthened financial position.

This year we launched our new corporate logo, which represents our core purpose and belief that no matter how successful, in order to grow, we have to keep evolving. We also inaugurated our new automotive battery plant in Tirupati, which completed the first phase in the enhancement of our production capacity to 1 mn batteries a year. At the plant we launched the first-of-its-kind Battery Excellence Centre in Asia. This R&D Centre, which houses the latest technology for battery performance evaluation, design and life testing, not only serves the needs of the domestic market, but is also a resource for global alliance research and development.

During the year we increased our automotive battery sales to our existing original equipment customers and acquired new relationships with Telco, AC Delco, Swaraj Mazda and Hindustan Motors. I am happy to report that Amaron™ crossed quarter million units within calendar 2001 and has grown by over 150%. This year we also launched new brands: Amaron Hi-Way™ and Amaron Harvest™ for the truck and tractor segments and the Amaron Shield™ for the inverter applications.

We have seen a strong increase in market share in standby industrial batteries and have maintained the leadership position. The potential for growing this business in the future is high. Our highly successful Brute™ and Genpro™ brands launched during the year are at the forefront of this success and we will continue to introduce brands that will provide industry-leading quality, enabling our customers to grow their businesses.

Our recent foray into foreign markets has been very encouraging. We have established strong relationships in the Indian Ocean rim for our automotive and industrial brands. The opportunities are endless and because our products match international standards, we have the advantage of being able to offer high quality products at competitive prices.

Our success is in large measure due to the commitment and dedication of our employees and I would like to thank them for their most outstanding performance. We are proud to report that we have a motivated and dedicated staff and have not lost a single day due to industrial strife. This is indeed a proud achievement and we intend to continue to maintain this enviable track record.

I would also like to thank our strategic alliance partners Johnson Controls Inc. USA, for their active involvement. Our relationship with Johnson Controls is stronger than ever before and has created a win-win environment for our customers and us.

We expect 2002 to continue to be challenging. We will continue to invest in R&D as a critical force for our future success to deliver innovative, customer-focused products and services. We will work to increase our market share positions in all our businesses. And we will continue to do what we do best - provide superior technology products and services, leverage our brand image, maintain a strong balance sheet and pursue growth paths that will lead Amara Raja to its promising, profitable future.

On behalf of everyone in the extended Amara Raja family - customers, employees, the Board and our business partners - I thank you, our investors, for your confidence and support.

With warmest regards,

Ramachandra N. Galla
Chairman and Managing Director



IVE YEARS AT A GLANCE

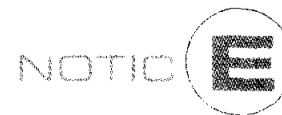
PERFORMANCE OF FIVE YEARS AT A GLANCE

(Rupees in million)

Particulars	2001-02	2000-01	1999-00	1998-99	1997-98
Production (Nos.)	604949	382774	247039	239604	195094
Sales (Nos.)	580369	378153	244992	240527	195832
Sales	1882.20	1550.13	1320.81	1865.46	1443.82
Profit before Depreciation, Interest and Tax	338.08	308.94	320.11	622.45	443.42
Profit before Depreciation	331.41	303.47	316.49	619.82	429.43
Profit after Depreciation	247.35	235.14	263.83	573.02	405.16
Profit after Tax	182.23	205.32	195.36	438.95	313.16
Equity Capital	113.88	113.88	102.73	102.73	102.73
Reserves and Surplus	1582.68*	1555.57	1290.73	1129.58	758.45
Net Worth	1587.53*	1602.99	1393.46	1232.32	861.18
Gross Block	1453.41	1008.57	823.32	647.41	471.27
Net Block	1094.72	733.80	616.83	491.98	363.63
Book Value per Share (Rs.)	139.41	140.77	135.64	119.96	83.83
Earnings per Share (Rs.)	16.00	19.64	19.02	42.73	30.48
Dividend (%)	35	35	30	60	45

*Rs.115.27 million has been adjusted against net deferred tax liability upto 31 March 2001.





Notice is hereby given that the Seventeenth Annual General Meeting of the members of Amara Raja Batteries Limited will be held at 3 PM on Wednesday, 14 August 2002 at the Registered Office of the Company at Renigunta – Cuddapah Road, Karakambadi 517 520, Tirupati, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31 March 2002 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and the Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Dr. Upendranath Nimmagadda, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mark L. Koczela who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors. M/s. E Phalguna Kumar & Co., Chartered Accountants, Tirupati and M/s. Chevuturi Associates, Chartered Accountants, Vijayawada, the retiring Auditors of the Company are eligible for re-appointment.

Special Business:

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

"RESOLVED THAT Mr. K. Satish Reddy who was appointed as an Additional Director of the Company with effect from 31 January 2002 and whose term expires at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

Place : Tirupati

Date : 1 July 2002

P Varadarajan

Company Secretary

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.**
2. 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.
3. The Register of Members of the Company will remain closed from 10 August 2002 to 14 August 2002. (Both days inclusive).
4. Dividend, if any, declared at the Meeting will be paid to the members whose names appear in the Register of Members of the Company as on 14 August 2002. Payment of Dividend will be subject to deduction of tax at source at applicable rates. Members who are eligible to submit Form 15G for non-deduction of tax are requested to submit Form 15G to the Registrar and Share Transfer Agent on or before 14 August 2002.
5. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed and forms part of this notice.
6. Members holding shares in physical form are requested to notify changes, if any, in their address immediately to the Company or to its Share Transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1 Club House Road, Chennai 600 002.
7. Members holding shares in electronic form are advised that the address / bank details as furnished to the Company by the respective Depositories, namely, NSDL and CDSL, will be printed on the dividend warrants.
8. Members are requested to give their Permanent Account Number (PAN) allotted to them under Section 139A of the Income Tax Act, 1961 stating their Name and Folio / DP ID / Client ID details to the Registrar and Share Transfer Agents on or before 14 August 2002, as it is mandatory to quote Payee's PAN in Form 16-A certificates.



**Explanatory Statement as required under Section 173(2) of the Companies Act, 1956**

Mr. K. Satish Reddy was appointed as an Additional Director of the Company at the Board Meeting held on 31 January 2002. Under Section 260 of the Companies Act, 1956 he holds office until the date of the forthcoming Annual General Meeting. Mr. Satish Reddy is a Chemical Engineer and has a Masters Degree in Medicinal Chemistry from Purdue University, West Lafayette, USA. He has over a decade of experience in the pharmaceutical industry and had served as Executive Director of Globe Organic Chemicals Limited and later at Dr. Reddy's Laboratories Limited (DRL) where he was responsible for R&D and New Product Development before taking over as Managing Director of DRL in 1995. He is currently the Managing Director and Chief Operating Officer of DRL. He is also a Director on the Board of several other companies.

Notice under Section 257 of the Companies Act, 1956, along with the prescribed deposit, has been received from a member of the Company proposing the appointment of Mr. K Satish Reddy as a Director of the Company at the Annual General Meeting.

Your Directors commend the resolution for approval of the members. None of the Directors, except Mr. K Satish Reddy, is interested in the resolution.

By Order of the Board

Place : Tirupati

Date : 1 July 2002

P Varadarajan

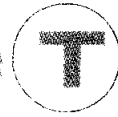
Company Secretary

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DIRECTORS' REPORT



Your Directors have pleasure in presenting the Seventeenth Annual Report together with Audited Accounts for the financial year ended 31 March 2002.

Financial Results

The financial results for the year ended 31 March 2002 were as follows:

Particulars	Rupees in million	
	For the year ended	
	31 March 2002	31 March 2001
Profit After Tax	182.23	205.32
Add: Profit brought forward from last year	343.69	279.13
Profit available for appropriation	525.92	484.45
Appropriation:		
General Reserve	18.22	100.00
Dividend	39.86	36.65
Dividend Tax	-	4.11
Surplus carried to Balance Sheet	467.84	343.69

Dividend

Your Directors have pleasure in recommending a Dividend of Rs. 3.50 per Equity Share for the financial year ended 31 March 2002, which would absorb Rs. 39.86 million.

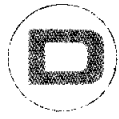
Results of operations

Gross sales touched a record high of Rs. 1882.2 million during the financial year. This represented an increase of 21% over the sales of the preceding year. Net sales at Rs. 1521.7 million recorded a growth of 21% over the previous year.

During the financial year, the Company was able to increase its market share in Industrial Batteries, especially in the Telecom sector. The Company continued to maintain its leadership position in industrial VRLA (valve regulated lead acid) batteries and has expanded the market for its products over a broader base of applications to become a full range supplier of VRLA batteries. The Company launched Genpro™ the first maintenance-free valve regulated lead acid (MF-VRLA) generator starting battery in India. Brute™, India's first maintenance-free motive power battery for forklift truck applications was also launched during the year to encouraging reception from customers. These new products in the UPS and Power Control business helped the Company to access newer markets.

Automotive Batteries volumes registered a 131% growth over the previous year. The Company continued to add to its list of OEM clients. Amara Raja's impressive list of OEM clients include Ford, General Motors - Opel diesel vehicles and DaimlerChrysler for whom the Company is the exclusive vendor. The Company which is the preferred supplier to Mahindra & Mahindra and Ashok Leyland also added Swaraj Mazda, Telco 407 and Hindustan Motors-Lancer to its client list. Aside of the existing relationship with MICO for supply of BOSCH automotive batteries, the Company also added another significant private label account in AC Delco range of automotive batteries for General Motors Spare Parts Operations International. The Company also introduced batteries for the tractor and the truck segment and the response has been very encouraging.

Profit before tax for the financial year ended 31 March 2002 was Rs. 247.3 million which was 105% of the previous year's profit. Profit After tax for the financial year, after providing Interest Rs. 6.7 million, Depreciation Rs. 84.1 million and Taxation Rs. 65.1 million (including Deferred Taxation of Rs. 45.4 million), was Rs. 182.2 Million. Profit After Tax for the year was lower owing to the provision for deferred taxation of Rs.45.4 million, which has become applicable from the current year.



DIRECTORS' REPORT

Business Outlook

Industrial Batteries

Although, the previous year saw a decline in demand from the Telecom sector, with the continuing prospects of investment in this sector demand is expected to revive and there are signs of the same already. Demand in the UPS sector continues to grow and your Company has made investments in product and market development that will allow it to exploit these opportunities. Your Company launched new products for motive power and genset applications and is actively pursuing new opportunities in renewable energy to add to existing customers and business. The increased reach and penetration afforded by the channel partners that we have established has started yielding beneficial results with many new customers from the industry sector opting for our products. The prospects of further growth have brightened with conversion of many new sectors in the Power segment to VRLA batteries that, as a leader, your Company is uniquely placed to profit from.

Automotive Batteries

The successful expansion of our operations all over the country and the acquisition of new customers have helped your Company register remarkable growth in automotive batteries. With an established base for distribution and servicing of its products in virtually all parts of the country, your Company is well placed to grow market share by exploiting growth opportunities in the domestic market. Response to the Company's products continues to be promising and our aftermarket brand, Amaron™ is now firmly established as the quality leader.

New OEM accounts are continually being explored and many more relationships are under finalization. All this leads us to believe that there is potential for growth for your Company in Automotive batteries in the years to come.

International Business

Your Company's efforts to establish exports of its products have met with excellent results. While, our partners, Johnson Controls have no doubt helped us secure some relationships, and are continuing to assist our efforts, our products have found ready acceptance in markets in the Asian and Indian Ocean Rim area. Plans and programs are afoot to convert these into sustainable long-term, profitable ventures. With the active involvement of Johnson Controls, we are extremely hopeful of achieving some significant breakthroughs into key markets for our automotive products.

Your Company's efforts at exports of its industrial batteries have proved that the products compare with the best in the world, as customers have been quick to accept the same, and key telecom utilities in Asia have approved your Company's products. While we registered significant sales of Industrial batteries last year, enquiries received as also the leads we have generated with nascent but strong relationships established in the Asian region, give us the confidence that your Company will register strong growth in export of these products.

The support of the Government in assuring a level playing field is crucial in sustaining a competitive enterprise. In this regard, the acknowledgement of our request for imposition of anti-dumping duties on certain Asian countries and the grant of a justified duty differential between lead and finished batteries, are welcome developments. We hope that Indian industry and your Company would continue to be supported by pragmatic decisions and policies of the Government in the future as well.

Public Deposits

Your Company has not accepted any deposits from the public during the year under review and there are no outstanding deposits as on 31 March 2002.

Health, Safety and Environmental Protection

Your Company has substantially complied with all the applicable Environmental Laws and Labour Laws. It has expended substantial resources, both financial and managerial, in complying with the relevant Laws and has taken all reasonable measures to protect the environment and the safety of our workers. Your Company has received an award for 'Excellence in Environmental Management' for the year 2001-02 from the Andhra Pradesh State Pollution Control Board.

