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 **Amara Raja**
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BOARD OF DIRECTORS

Mr. Ramachandra N. Galla

Executive Chairman

Dr. Upendranath Nimmagadda

Alternate Director: **Mr. V. R. Rao**

Mrs. Amara Kumari Galla

Mr. P. Lakshmana Rao

Mr. Raymond J. Brown

Mr. Mark L. Koczela

Alternate Director: **Ms. Manjula Chawla**

Mr. John D. Major

Mr. Ravi Bhamidipati

Mr. Jayadev Galla

Managing Director

Chief Financial Officer

Mr. Gopal Mahadevan

Company Secretary

Mr. K. Ramakrishna

Auditors

M/s. E. Phalguna Kumar & Co.

Chartered Accountants, Tirupati

M/s. Chevuturi Associates

Chartered Accountants, Vijayawada

Cost Auditors

M/s. P. Parankusam & Co.

Hyderabad

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.

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PERFORMANCE OF FIVE YEARS AT A GLANCE

(Rupees in Million)

Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
Production (Nos)	1230974	944632	735754	604949	382774
Sales (Nos)	1222843	947658	709957	580369	378153
Sales	2685.44	1999.23	1987.35	1882.20	1550.13
Profit before Depreciation, Interest and Tax	273.57	136.33	238.12	338.08	308.94
Profit before Depreciation	272.12	134.57	234.34	331.41	303.47
Profit after Depreciation	135.81	11.52	117.34	247.35	235.14
Profit After Tax	86.90	13.90	74.01	182.23	205.32
Equity Capital	113.88	113.88	113.88	113.88	113.88
Reserves and Surplus	1692.97	1632.04	1637.41	1582.68*	1555.57
Net Worth	1806.85	1745.92	1649.10	1587.53*	1602.99
Gross Block	1672.30	1593.02	1556.05	1453.41	1008.57
Net Block	961.52	1001.40	1087.12	1094.72	733.80
Book Value per Share (Rs.)	158.66	153.32	144.82	139.41	140.77
Earnings per Share (Rs.)	7.63	1.22	6.50	16.00	19.64
Dividend (%)	20	15	15	35	35

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

CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me great pleasure to get in touch with you again. I am proud to state that your Company has crossed the Rs. 2 billion mark. We have achieved a record gross turnover of Rs. 2685 million in the financial year 2004-05, which represents a growth of 34% over the previous year. Both our Industrial and Automotive businesses have witnessed significant growth over the previous year.

The Indian Economy continued its robust march. While the initial estimates of 8.5% GDP growth have now been pared down to 6.9%, India continues to be one of the high growth economies in the world. Industry and Services continued to perform well. Agricultural growth had declined sharply to 1.1% when compared to 9.5% in the previous fiscal and will need specific attention to bring it back on rails. The

spiraling oil prices and the hardening of global interest rates are a cause for concern though.

The Union Budget announced in February 2005 addressed the representation of the Domestic Storage Battery Industry with respect to mismatch in the import duty structure. Customs Duty on Lead was reduced to bring parity between the import duty on raw material and that on finished batteries. While this was indeed a welcome move, the high Lead Prices during the financial year continued to put pressure on our operating margins. Very recently, Lead prices have softened marginally. We would need to see whether the trend is maintained.

The Company's Industrial Battery volumes registered a healthy growth during the financial year. This helped to reinforce our position as a leading player in the Industrial VRLA battery segment. This has also helped in retaining our preferred vendor status with most of our valuable customers, as they rate our batteries amongst the best for their technological superiority, consistency, robustness and ability to perform under very demanding conditions.

Our Automotive Battery business grew very significantly, fuelled by growth in the OE, Aftermarket and Export segments. We commenced supplies to Maruti Udyog Limited, the Country's largest passenger car manufacturer. In June 2005 we commenced supplies to Hyundai Motor India Limited. We expanded our retail network further, which today caters to customers across the country.

Automotive Battery Exports have also grown significantly in FY 2004-05. It is a matter of pride that our batteries are finding a place of their own in the extremely competitive and demanding global markets.

We are currently expanding the Automotive Battery capacity from 1.5 million units to 2.4 million units per annum. Amara Raja will continue its thrust on achieving greater operational efficiency and focus on cost optimisation. This is a mantra, which has become an integral part of the work ethos in the Company.

I have had the opportunity to lead the team at Amara Raja since its inception in 1985. During this period we have grown from a small manufacturing unit located in Karakambadi to a globally recognised Storage Battery Manufacturer employing over 1300 people and having offices across the country. Amara Raja pioneered VRLA technology in India in 1989, which transformed the Industrial Battery markets in the country forever. We entered into a strategic alliance with Johnson Controls and diversified into Automotive Batteries. We have grown in size. I believe the time has come for a change of guard and the day-to-day operations and the management of the Company should now vest with the younger generation under the dynamic leadership of Jayadev Galla. Jay has been with the Company since 1992 and has been behind some of the key strategic initiatives including the diversification into Automotive Batteries and the successful roll out of the Amaron brand and network. I wish him and the Management team the very best. As Chairman of the Company, I would be watching the developments at Amara Raja keenly and would continue to provide the guidance and inputs the team may require.

I would like to take this opportunity to thank our Joint Venture partners, Johnson Controls Inc, our employees, our associates & channel partners, our Bankers, the Government and you our esteemed shareholders for your continued help and support.

Thank you,

Ramachandra N. Galla

FROM THE DESK OF THE MANAGING DIRECTOR



Dear Shareholders,

It has been 20 years since Amara Raja was incorporated and it gives me immense pleasure to be writing to you this year.

This has been a year of great importance - a year when our turnover crossed the Rs. 2 billion mark. We believe we are in definitive growth mode.

Our top line grew 34% over the previous year, fuelled by the increased revenues from our Industrial and Automotive battery businesses. Exports have become an integral part of our business and will continue to receive increased attention, as we believe this is one of the paths to be taken to become a truly global player.

Amara Raja's Industrial Battery volumes grew 48% over the previous year, driven by the renewed off-take from the Telecom sector and growing demand for our Quanta UPS batteries. We have consolidated our position as preferred vendor to Telecom Companies, System Integrators as well as to Switch Manufacturers. Our Railways business was stable. Quanta UPS batteries have been receiving very positive response from the trade and from UPS manufacturers and we are focused on expanding the reach of our network.

Our Automotive Battery volumes grew faster than the market as we gained both in market share and mind share. Maruti Udyog Limited has been a significant addition to our growing list of OE customers. In June 2005 we commenced supplies with another auto major, Hyundai Motor India Limited. We believe that our OE business is critical to growth as there are synergies between the OE and Aftermarket businesses.

Amaron™ has consolidated itself as the second largest Automotive brand in the market and continues to be the fastest growing. As a Company, we have believed in being innovative and we have within a short span of four years become trendsetters in India, be it for introducing new technology products, providing greater value to customers through higher warranty confidence or having factory charged products across ranges. In FY 04-05, we expanded the Amaron suite of products by introducing Amaron PRO with a first of its kind 48 month warranty. We also launched FRESH and GO range of batteries targeted at three wheelers, taxis and younger generation car owners. The response has been very encouraging. As at the end of the financial year, we had grown our franchisees to over 100 and had more than 9000 active retailers. We will continue to expand the Amaron network.

Exports would be a thrust area for the Company. The year under review saw total Export turnover grow 30% and our Automotive batteries being sold in Singapore, Japan, Australia, Greece and the tough markets of China.

As stated earlier, we are growing in size. We had earlier expanded our Automotive Battery facility from 1 million to 1.5 million units. We are now expanding further to 2.4 million units per annum to keep pace with our growth plans. We believe that growth is key - growth in size, spread, reach and market share. We believe that in a business such as batteries, critical mass would need to be attained to achieve the benefits of greater throughput, operational efficiency and lower product costs. The team is continuously working on achieving greater operational efficiency through Six Sigma and Best Business Practice initiatives.

India is no longer the insular economy it once was. Today, Indian manufacturers compete and more importantly win against the best in the world. Indian manufacturing is coming of age and is crossing the confines and borders of the country. The Government is opening up the economy and creating a regime where global trade will flow freely. We need to be geared to meet this transformation in markets and to meet the challenges of tomorrow. Team Amara Raja is continuously working on being recognised as a technology-lead, innovative and efficient battery Company.

On that note, I wish to thank every one associated with us including our Joint Venture partners, our bankers, our employees, our channel partners and franchisees, the Government and our shareholders for their support.

Jayadev Galla

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of Amara Raja Batteries Limited will be held at 3.00 p.m. on 13 August 2005 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 2005 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 Mr. P Lakshmana Rao, 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, 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. Ravi Bhamidipati, who was appointed as an Additional Director of the Company with effect from 29 January 2005 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."
7. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof, Mr. Jayadev Galla be and is hereby re-appointed as the Managing Director of the Company for a period of five years from 1 September 2005 to 31 August 2010 on the following terms and conditions:
 1. **Salary & Commission:**
Salary: Rs. 2,00,000/- per month
Commission: Five per cent (5%) of the net profits of the Company, inclusive of salary and perks.
 2. **Perquisites:**
 - a) House Rent Allowance / Accommodation: House Rent Allowance as may be applicable to the employees of the Company or provision of Furnished Accommodation.
 - b) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family and dependent parents, subject to a ceiling of one month's salary per year.
 - c) Leave Travel Concession: Leave Travel Concession for self and family to and from any place in India, once in a year in accordance with the rules of the Company.
 - d) Provident Fund: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
 - e) Leave Encashment: Encashment of leave at the end of tenure as per the rules of the Company.
 - f) Gratuity: Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
 - g) Car: Company's car with driver for business purposes.
 - h) Telephone: Telephone / Communication facilities for business purposes.
 - i) Club Fee: Club fee subject to a maximum of two clubs. No admission and life membership fee will be paid.

3. **Overall Remuneration:** The aggregate of salary, commission and perquisites in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, including any statutory modification or re-enactment thereof, as may, for the time being, be in force.
4. **Minimum Remuneration:** In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, perquisites, commission and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, as may, for the time being, be in force.
8. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution.

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act 1956, the Listing Agreement with the Hyderabad Stock Exchange and the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003, or any amendment or modification thereof and subject to other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ("the Board") or any Committee/person(s) authorised by the Board, consent be and is hereby accorded to voluntarily de-list the Ordinary Shares of the Company from the Hyderabad Stock Exchange."

"RESOLVED FURTHER THAT authority be and is hereby accorded to the Board or any Committee/person(s) authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

By Order of the Board

K. Ramakrishna

Company Secretary

Place: Tirupati

Date: 30 June 2005

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member.
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 11 August 2005 to 13 August 2005 (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 13 August 2005.
5. Members holding shares in physical form are requested to notify changes, if any, in their address immediately to the Company or to its Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1 Club House Road, Chennai 600 002.
6. Bank Mandate for Dividend or Electronic Clearing Service
 - a) In case of members holding shares in the Electronic form i.e. through Demat Account, address, dividend mandate and the particulars of the Bank, Branch and Bank Account No. etc. available with DP as on 13 August 2005 would be taken into consideration for the purpose of distribution of dividend.
 - b) The members who are keeping their shares in physical form may either give a Dividend Mandate or opt for Electronic Clearing System (ECS).

Electronic Clearing System (ECS): Electronic Clearing System is a method of directly crediting the dividend to the shareholders account by electronic transfer. This facility is available to shareholders who are having account at the cities having this facility. Members desirous of using this facility are requested to submit the ECS Mandate in the enclosed format to Cameo Corporate Services Limited on or before 13 August 2005. In case of any change in Bank name or Account No. or Branch name or name of the place etc., members are requested to intimate those changes immediately to Cameo Corporate Services Limited.

Dividend Mandate:

The members should furnish their Bank Account No., the name of the Bank and the Branch where they would like to deposit Dividend Warrants for encashment. These particulars would be printed on the portion of the Dividend Warrants, besides the names of the members so that these warrants cannot be encashed by anyone else. The first/sole member should furnish these details directly to Cameo Corporate Services Limited quoting the Folio Number.

Explanatory Statement as required under Section 173(2) of the Companies Act, 1956**Item No. 6**

Mr. Ravi Bhamidipati was appointed as Additional Director at the Board Meeting held on 29 January 2005. Under the provisions of Section 260 of the Companies Act, 1956, he holds the office till this Annual General Meeting. A notice has been received from a member, along with the prescribed deposit, pursuant to Section 257 of the Act, proposing the appointment of Mr. Ravi Bhamidipati, as Director of the Company.

Mr. Bhamidipati is a Chemical Engineer (B.Tech) from University College of Engineering, Andhra University and a Post Graduate in Industrial Engineering (PGDIE) from the National Institute of Industrial Engineering (NITIE), Mumbai. He is the Chief Executive of ECS Limited, a Business Management Consulting firm - a Joint Venture between the Eicher Group and the Strategic Decisions Group (SDG), USA. Prior to joining ECS, Mr. Bhamidipati was Executive Director with a Big 4 Consulting Firm where he led the Supply Chain Practice nationally. He has also held positions of increasing responsibility at Arvind Clothing, Asian Paints and RHL (P&G) earlier in his career. Mr. Bhamidipati is recognised as a leader in Supply Chain Management and his work has been published as well as presented to a number of industry bodies. He has been a member of several steering committees on SCM and ERP, where he focused on ways to leverage technology to enhance Supply Chain effectiveness.

Your Directors recommend the resolution for approval of the members.

None of the Directors, except Mr. Ravi Bhamidipati, is interested in the resolution.

Item No. 7:

The members of the Company, at the Annual General Meeting held on 31 July 2003 had appointed Mr. Jayadev Galla as the Managing Director of the Company from 1 August 2003 to 31 August 2005. At the Board meeting held on 30 June 2005, the Board of Directors decided to re-appoint Mr. Jayadev Galla as the Managing Director for a further period of five years from 1 September 2005 to 31 August 2010, on the terms and conditions as set out in the resolution. The remuneration payable to him has been approved by the Remuneration Committee of Directors at their meeting held on 30 June 2005.

Your Directors recommend the resolution for approval of the members. None of the Directors, except Mr. Ramachandra N. Galla, Mrs. Amara Kumari Galla and Mr. Jayadev Galla, is interested in the resolution.

Item No. 8

Ordinary Shares of Rs. 10/- each of your Company are presently listed at The Hyderabad Stock Exchange Ltd., The Stock Exchange, Mumbai and National Stock Exchange of India Limited. The trading volumes in the Company's shares on the Hyderabad Stock Exchange are either nil or insignificant. The Company's shares are actively traded at the The Stock Exchange, Mumbai and the National Stock Exchange. Accordingly, the Board of Directors recommend voluntary de-listing of the Company's shares from the Hyderabad Stock Exchange. De-listing from the Hyderabad Stock Exchange would result in administrative convenience and savings in costs on account of Listing Fee. The Company's shares will, however, continue to be listed on the Stock Exchange, Mumbai and the National Stock Exchange.

In accordance with SEBI (De-listing of Securities) Guidelines 2003, consent of the members by a Special Resolution is required for voluntary de-listing of the Company's shares from the aforesaid Stock Exchange. Hence, the resolution.

None of the Directors is concerned or interested in this Special Resolution.

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