

Forward-looking statement

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, 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 'anticipate', 'estimate', '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 realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and the underlying assumptions undergoing change. Should known or unknown risks or uncertainties materialise, or should underlying assumptions not materialise, actual results could vary materially from those anticipated, estimated or projected. Shareholders & Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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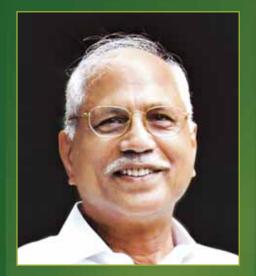
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We envisioned stretch targets. We set the pace to gain momentum. We innovated to stride across hurdles. We achieved the target. And stayed ahead of the pack.

Now India has targeted a USD 514-billion infrastructure investment during its Eleventh Plan which exceeds its Tenth Plan outlay by more than a factor of two. Creating an unprecedented opportunity for the prepared, including Amara Raja Batteries Limited (ARBL). Now attractively positioned for ...



Chairman's message



AT ARBL, WE ARE COMMITTED TO DO BETTER IN THE YEAR AHEAD

Dr. Ramachandra N Galla Chairman





I AM DELIGHTED TO ANNOUNCE THAT OUR COMPANY ACHIEVED A REMARKABLE MILESTONE IN 2008-09 CROSSING Rs. 15,000 MILLION IN GROSS SALES FOR THE FIRST TIME. THIS MILESTONE WAS DOUBLY SPECIAL AS WE ACHIEVED IT IN THE MIDST OF A GLOBAL ECONOMIC MELTDOWN.

In fiscal 2009, the global economy went through a tailspin, reviving memories of the Great Depression. All dire eventualities that enterprise managers feared, materialised – markets and demand vanished within a few weeks while a large number of companies were driven to the brink as asset values evaporated and the rest had to resort to severe cost-cuts and lay-offs to survive. The sub-prime crisis in the US wiped out huge swathes of asset value for individuals and organisations. More importantly, the fall of legendary corporations like Lehman Brothers and General Motors, among others, dealt a severe blow to the sentiment of people.

These events affected India too. Indian economy's progress towards a 10% GDP growth was stalled and reversed. Many feared that the newly resurgent economy was totally unprepared and could fall into recession if the global economy continued its downward spiral. A few sober voices did point

out that India's economy was not fully in sync with that of the world and at some stage would be able to decouple and continue its growth path. The economic indicators of the last few months seem to echo their pronouncements and indicate that our economy is getting stable now.

The economic adversities impacted our Company (ARBL) as well. The greatest effect was felt in the rupee depreciation against the dollar resulting in a foreign exchange loss reduced demand automotive OEM business. However, impact was considerably cushioned by the continuing buoyancy of the telecom sector and UPS business and the robust demand from the automotive after market. Overall, our Company exhibited a healthy topline growth of 21% for FY 2008-09, recording net revenues of Rs. 13.177.23 million compared with Rs. 10,833.26 million in FY 2007-08.

We recorded a PBT of Rs. 1,226.59 million (Rs. 1,459.38 million in 2007-08) after providing for a sum of Rs. 322 million towards foreign exchange loss (both cash and notional) owing to the depreciation of the rupee against the US dollar. The profit after tax stood at Rs. 804.78 million.

Distinctive tie-ups

It is a matter of pride that we forged unique associations in the auto batteries business with two of the most respected brands in India. We tied up with Maruti Suzuki India Ltd for retailing Amaron® MGB (Maruti Genuine Battery) through the large network of Maruti authorised service centres. We also entered into an MOU with TATA International Ltd for exporting automotive batteries under the Amaron® brand name to select African countries. Both alliances will enhance brand Amaron's customer base in India and abroad.

Winning awards

I have more heartening achievements to share with you. The Company was recognised for HR strategy by the Employer Branding Institute of India with two regional awards for 'Best HR Strategy in line with Business' and 'Continuous innovation in HR Strategy at work'. The Company also received the 'Corporate Excellence Award in Marketing' for its initiatives from Amity Business School, Noida. The Company was accredited for its Six Sigma initiative to increase ball mill productivity through process optimisation by the Confederation of Indian Industry (CII) with a national award. These awards stand testimony to our culture of innovation. Whatever the business environment, this culture empowers our people and derives efficiencies for the collective good.

The road ahead

As things stand today, Indian industry looks ready to rebound. However, the year gone by has been a real test even as we see some light at the end of the tunnel, Indian companies need concerted help from the government to find safe ground. Banks should stop playing ultrasafe and make credit available to companies. Relaxed norms, tax rebates and holidays should be made available to deserving sectors and demand inducing infrastructure projects and other

economic activity should be diligently implemented. The stability of the political system is a boon in these trying times. We look forward to this glimmer of revival becoming a real surge in the Indian economy.

A word of caution at this stage is necessary. Indian companies would do well to remember the trials of the past year and imbibe the learnings of this period to build a stronger future.

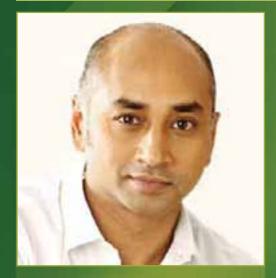
At ARBL, we are committed to do even better in the year ahead and are looking ahead with confidence, backed by our people, culture and support of stakeholders and JV partner Johnson Controls Incorporated (JCI), USA. Our bankers have continued their support in keeping our expansion plans on course.

We would like to place on record our heartfelt gratitude to our valued shareholders and all other partners and associates.

Thank you,



Managing Director's statement



WE ARE LOOKING AHEAD WITH CONFIDENCE

Jayadev Galla Managing Director



Dear Shareholders

THE FISCAL 2008-09 HAD MORE THAN ITS SHARE OF ECONOMIC, POLITICAL AND CIVIC UPHEAVALS. TWO EVENTS WILL HAVE A LASTING IMPACT ON OUR LIVES. ONE WAS THE 26/11 MUMBAI CARNAGE AND THE UNPRECEDENTED PUBLIC OUTRAGE AGAINST POLITICAL INACTION. THE OTHER WAS THE GLOBAL ECONOMIC MELTDOWN, WHICH IS STILL PLAYING OUT.

Another recent event with far-reaching consequences was the clear mandate to a single national party in the Union elections. It brings with it, the promise of political stability and growth oriented reforms. The economic indicators of the recent past seem to indicate that the worst will soon be over and we are cautiously optimistic about the economic growth.

During this tumultuous period, ARBL continued its growth and in FY 2008-09 crossed gross revenues of Rs. 15,000 million and net revenues of Rs. 13,177.23 million compared with Rs. 10,833.26 million in FY2007-08. The topline growth was achieved despite softening lead prices, indicating the fundamental strength of our business and products. Our profit before tax was Rs. 1,226.59 million as compared with Rs. 1,459.38 million for the same period last year. The drop in profits was owing to Rs. 322 million provisioning towards cash and

notional forex loss. We adopted a conservative approach of charging the entire forex loss in the same year and did not resort to lenient provisioning allowed under amended AS11. The net profit after tax was Rs. 804.78 million (Rs. 943.63 million).

The Board of Directors recommended a dividend of Rs. 0.80 per share (40%), subject to the approval of the shareholders in the forthcoming Annual General Meeting. On the diluted paid up equity share capital (post the 1:2 bonus issue), the distribution results in a higher payout to the shareholders compared with last year.

Our Company continued to enjoy strong liquidity. Crisil reaffirmed the credit rating for our borrowing programmes at AA-/Stable and P1+, indicating that the Company's business outlook is stable. We are confident that the fund requirement for ongoing expansion programs will be met through internal cash generation, without a major impact on the interest cost.

The industrial batteries business maintained its momentum and recorded a 50% CAGR over the last four years. As we continued to enjoy a preferred supplier status among leading telecom operators and UPS manufacturers, telecom and UPS segments remained the main drivers of the industrial battery business. The Company's channel network (AQUA) which grew to more than 70 partners at the end of the financial year 2008-09, strengthened our reach.

During the year, the manufacturing capacity of large VRLA (PowerStack™) doubled to 900 million Ah. This will support further market share enhancement. We are also well poised to increase our UPS segment share as the 50% capacity enhancement of medium VRLA battery (Quanta™) is under way. The small VRLA batteries for commercial and household applications were developed and will be introduced during the financial year 2009-10. The Company is also in an advanced stage of developing Front Terminal Access (FTA) batteries for the telecom segment and will be marketing the product during 2009-10.

The automotive battery business grew in line with the industry. Our market share in the OEM and Aftermarket remained stable. We were able to weather the slowdown in the automotive industry owing to a continued focus on channel building and realigned product portfolio.

During FY 2008-09, we tied up (cobranding) with the Country's leading car

brand Maruti. With this arrangement, Brand Amaron® became the first battery brand in India to be labelled "Maruti Genuine Battery" and retailed through a large network of Maruti authorised service centers. The other significant agreement was with TATA International Ltd., for exporting automotive batteries to select African countries. We expect both tie-ups to enhance our Aftermarket business considerably.

The motorcycle batteries with breakthrough VRLA technology, introduced under brand Amaron Pro Bike Rider™, has been well accepted by the customers and demand has been picking up at a good pace. Work is on to enhance the motorcycle and small VRLA battery capacity from 1.80 million to 2.40 million units in FY2010 to cater to this growing demand.

Our retail presence continues to expand. The network includes over 18,000 retailers serviced by 189 Amaron® franchisees, including 145 PitStops. Our novel distribution network of PowerZoneTM also grew during the year to reach 600 semi-urban and rural centres across the Country.

Brand Amaron® continues to be one of the fastest growing battery brand in India and our brand building initiatives through motor sport events and sponsorships helped us secure a very high recall for Amaron® among the growing young consumer segment in India.

Our growth this fiscal was achieved despite a slowdown in the automotive sector, drop in lead prices and steep rupee depreciation. Looking ahead, several factors remain positive – a stable government at the centre, improving domestic economic conditions, appreciating rupee and relatively stable lead prices. We will continue to keep a close watch on economic developments to ensure that our Company's growth, both in the near term and long term, remains on course.

With an objective to enhance efficiencies and profitability, we reorganised the two businesses of ARBL into a more streamlined SBU structure - Automotive Battery SBU and Industrial Battery SBU. Two seasoned ARBL professionals with years of experience in the industry will head these SBUs. Supporting the independent businesses would be shared centres of expertise around functions like finance, HR, quality excellence, operational excellence and supply chain management, helping drive synergies, a common culture and in turn creating a stronger 'Amara Raja' brand.

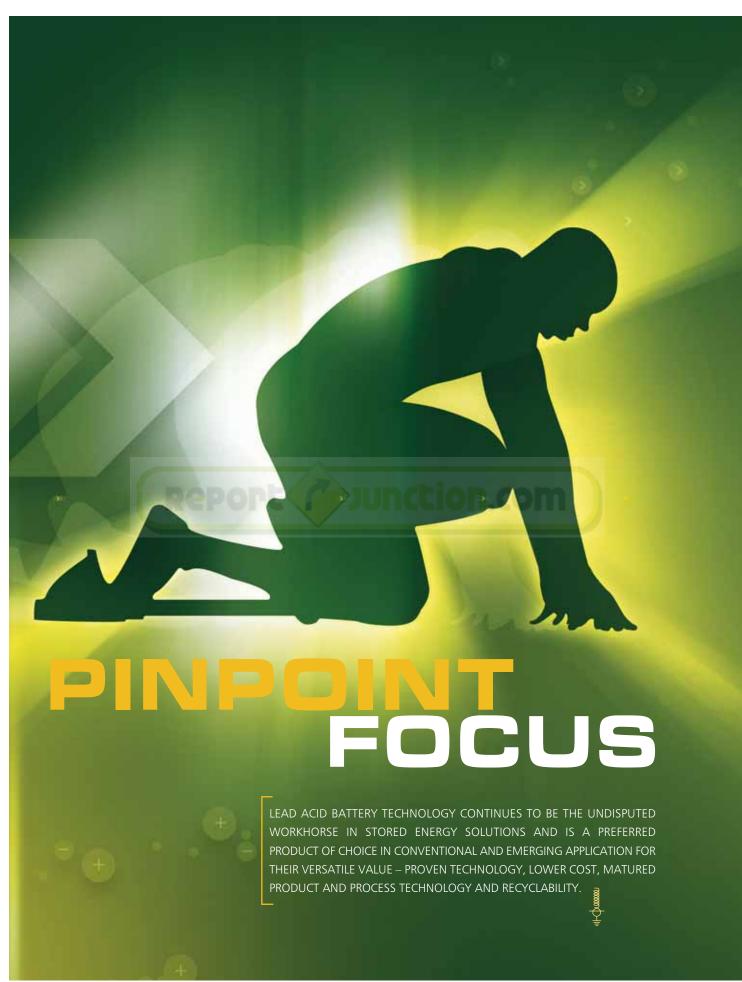
I would like to place on record our heartfelt gratitude to our JV partner Johnson Controls Incorporated (JCI), our bankers, retail partners and associates and the Amara Raja team.

We cherish our association with you and look forward to having your continued support on our growth journey.

Thank you,



Jayadev Galla Managing Director





ARBL possesses a demonstrated track record to service diverse needs in the most effective way.

- ▶ Pioneered VRLA technology in India
- Established a leading presence in the rapidly growing verticals of automotive and industrial batteries. In the former, the Company caters to all vehicle segments and a large pan-India aftermarket; in the latter, it caters to most high-growth segments like telecom, UPS, power, railways as well as process industries
- ▶ Widened its product range to address growing needs — a multiple-warranty battery range (12-60 month warranty) for each vehicle segment in the

automobile battery business; a 4.5 Ah to 5,000 Ah range to cater to diverse requirements in the industrial battery business.

➤ Created niche products — Front Terminal Access batteries for telecom, specialised batteries for railway coaches, VRLA motor cycle batteries, among others - to strengthen its presence in key markets in the years to come.

The result is that ARBL caters to all major OEMs in the automotive business lead by its premium brand Amaron®, most preferred battery supplier to leading telecom service providers and the largest supplier of stand-by power systems to Indian utilities.



