

CHAIRMAN'S MESSAGE

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Dear Shareholders,

Last year I had mentioned that I expected 2002 to be challenging. I had also mentioned that while these challenges would exist, we will continue to increase our market share positions, provide superior technology products and services, leverage our brand image, continue our thrust on exports and pursue the growth paths that the Company has charted out.

This year was indeed challenging – I would term it a mixed bag. While we launched new products, gained on market position, increased volumes, added new customers and exported to new markets, the year also saw a perceptible decline in our margins and profits.

The Domestic Telecom industry witnessed a major upheaval and this has had a ripple effect on vendors to telecom majors including battery manufacturers. Telecom tariffs had come down significantly impacting telecom investment plans. Also, with a large number of players in industrial batteries, increased competition saw prices being driven down which impacted our margins. Despite these challenges, your Company has shown an increase in volumes & market share. The launch of Quanta™ UPS batteries has been well received by trade and customers. Quanta™ has been developed at Amara Raja's Battery Excellence Center and is benchmarked against the best in the world.

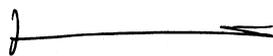
Automotive battery volumes have been growing significantly. In a very short while, we are OE suppliers to almost all auto majors in India and our share is growing. Today, Amaron™, the aftermarket brand reaches consumers across India through a network of 100 franchisees and 7000 retailers. The investment in the brand has yielded excellent results – with high brand recall and recognition by customers. In addition to enhancing our large base of satisfied aftermarket customers, we also strengthened our OE relationships by commencing supplies to new OE clients which included FIAT (Palio), Honda (Accord), International Tractors, General Motors (Panther & Nubira), Eicher & Telco Heavy vehicles. During the year we added Lucas to our stable of private label accounts.

Our continued thrust on exports has been encouraging. Our export turnover had crossed Rs. 50 Million from less than Rs. 10 Million last year and our client and country base has expanded significantly – from Middle East, Far East and West Africa to Singapore, Taiwan, Philippines, Dubai, Sri Lanka, Nepal, UK and Japan. We have recently concluded a Rs. 10 Million export order from a leading global auto component manufacturer, for Japan. Your company is 100% supplier for automotive batteries to ComfortDelgro Cabs, the largest taxi fleet operator in Singapore and has begun supplies to Dubai Transport Services, the largest fleet operator in UAE.

While volumes in automotive batteries continue to grow, we expect the investment in hard assets as also the expenditure on network and brand to yield full returns after a year. We expect the pressure on margins to continue in the short run. Realisations in Telecom seem to have bottomed out – but in this year we would face the full impact of the reduced margins. While the immediate short term does pose challenges, we expect top line growth and improved profitability in the future.

You, our investors, have in the past, bestowed your confidence and support in the company. We are sure this relationship would only strengthen in the years to come. On behalf of every one at Amara Raja, which would include our business partners, the Board, our customers and our employees, I would like to thank you for your support.

With warmest regards,



Ramachandra N. Galla

Chairman and Managing Director

FIVE YEARS AT A GLANCE

PERFORMANCE OF FIVE YEARS AT A GLANCE

(Rupees in Million)

Particulars	2002-03	2001-02	2000-01	1999-00	1998-99
Production (Nos.)	735754	604949	382774	247039	239604
Sales (Nos.)	709957	580369	378153	244992	240527
Sales	1987.35	1882.20	1550.13	1320.81	1865.46
Profit before Depreciation, Interest and Tax	238.12	338.08	308.94	320.11	622.45
Profit before Depreciation	234.34	331.41	303.47	316.49	619.82
Profit after Depreciation	117.34	247.35	235.14	263.83	573.02
Profit after Tax	74.01	182.23	205.32	195.36	438.95
Equity Capital	113.88	113.88	113.88	102.73	102.73
Reserves and Surplus	1637.41	1582.68*	1555.57	1290.73	1129.58
Net Worth	1649.10	1587.53*	1602.99	1393.46	1232.32
Gross Block	1556.05	1453.41	1008.57	823.32	647.41
Net Block	1087.12	1094.72	733.80	616.83	491.98
Book Value per Share (Rs.)	144.82	139.41	140.77	135.64	119.96
Earnings per Share (Rs.)	6.50	16.00	19.64	19.02	42.73
Dividend (%)	15	35	35	30	60

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

Notice is hereby given that Eighteenth Annual General Meeting of the members of Amara Raja Batteries Limited will be held at 3 PM on Thursday, 31 July 2003 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 2003 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. Raymond J Brown, 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. John P. Kennedy who was appointed as an Additional Director of the Company with effect from 29 April 2003 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 a Special Resolution:

“RESOLVED THAT the Articles of Association of the Company be and is hereby amended as follows:

 - (a) the following proviso appearing in Article 70 of the Articles of Association of the Company be deleted.

“Provided that there shall be no quorum at a General Meeting unless at least one representative of Galla Family and JCI is present, provided always that such quorum requirement may be waived by any party in respect of its representation in writing for any particular General Meeting.”
 - (b) the following two articles namely 91A and 91B of the Articles of Association of the Company be deleted.

Article 91 A: “The Board of Directors of the Company shall be reconstituted to have three (3) members nominated by Galla Family, three (3) members nominated by JCI and three (3) independent Directors. The independent Directors shall be recommended for appointment by mutual consent of Galla Family and JCI. In addition the Board may have Institutional Nominees as per Article No.97.”

Article 91 B: “At any time and from time to time Galla Family and JCI shall have the right to replace any director nominated by such party. Upon expiration of the terms of any director, the party that nominated the director shall be entitled to nominate his replacement. The replacement independent directors shall be nominated with the mutual consent of Galla Family and JCI. Galla Family and JCI will cast their vote to effect the appointment of persons nominated as provided in Article 91 A.”
8. To consider and if thought fit to pass with or without modification (s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 Mr. Ramachandra N. Galla be and is hereby appointed as the Executive Chairman of the Company for the period from 1 August 2003 to 31 August 2005 on the following terms and conditions:

 1. **Salary & Commission:** Salary: Rs.2,00,000/- per month. Commission: Not exceeding five per cent (5%) of the net profits of the Company, inclusive of salary and perks.
 2. **Perquisites:** Perquisites as follows will be paid / or provided to the Executive Chairman in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961 shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.

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- a. **House Rent Allowance / Housing Facility:** House Rent Allowance as may be applicable to the employees of the Company or provision of furnished accommodation as per the rules of the organisation.
- b. **Medical Reimbursement:** Reimbursement of medical expenses actually incurred for self and family, 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.

In addition to the remuneration, the Executive Chairman will be provided the following perquisites, which shall not be included in the computation of the ceiling on remuneration.

- 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 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 at residence 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 Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of the entitlement under Section II of part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.
 4. **Minimum Remuneration:** In the event of loss or inadequacy of profits, in any financial year during the tenure of his 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".

9. 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 and other applicable provisions of the Companies Act, 1956 Mr. Jayadev Galla be and is hereby appointed as the Managing Director of the Company for the period from 1 August 2003 to 31 August 2005 on the following terms and conditions:

1. **Salary & Commission:** Salary: Rs.1,50,000/- per month. Commission: Not exceeding five per cent (5%) of the net profits of the Company, inclusive of salary and perks.
2. **Perquisites:** Perquisites as follows will be paid / or provided to the Managing Director in addition to salary, subject however that the amount of perquisites, if taxable as per Income Tax Act, 1961 shall be restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time.
 - a. **House Rent Allowance/Accommodation:** House Rent Allowance as may be applicable to the employees of the Company or provision of furnished accommodation as per the rules of the Company.
 - 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.

In addition to the remuneration, the Managing Director will be provided the following perquisites, which shall not be included in the computation of the ceiling on remuneration.
 - 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 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 at residence 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 Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may, for the time being, be in force. In case of any doubt / discrepancy / clarification that may arise with respect to payment of remuneration in excess of the entitlement under Section II of part II of Schedule XIII to the Companies Act, 1956, but not exceeding the overall limits prescribed under the Act, the same shall be determined and decided by the Board.
4. **Minimum Remuneration:** In the event of loss or inadequacy of profits, in any financial year during the tenure of his 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".

By Order of the Board

Place : Chennai
Date : 20 June 2003

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 26 July 2003 to 31 July 2003 (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 31 July 2003.
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. **Bank mandate for dividend or electronic clearing service:**
 - a) In order to get protection from fraudulent encashment of warrants, shareholders are requested to furnish their bank account number, the name of the Bank and the branch where they would like to deposit the dividend warrants for encashment. These particulars will be printed on the cheque portion of the dividend warrants, besides the name of the shareholder so that these warrants can not be encashed by any one else. The above mentioned details should be furnished by the first / sole shareholder directly to the share transfer agents quoting the folio No. or DP ID No. and Client ID No. and the number of shares held. This is applicable for all shareholders who have not submitted ECS mandate(s).
 - b) 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. Shareholders desirous of using this facility are requested to submit, the ECS mandate form to Cameo Corporate Services Limited on or before 31 July 2003. In case of any change in Bank name or account No. or branch name or name of the place etc., shareholders are requested to intimate those changes immediately to the Registrar.
 - c) In case of shareholders 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 31 July 2003 would be taken into consideration for the purpose of distribution of dividend.

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

Item No.6

Mr. John P. Kennedy was appointed as Additional Director at the Board Meeting held on 29 April 2003. Under the provisions of Section 260 of the Companies Act, 1956 (Act) he holds the office till this Annual General Meeting. A notice has been received from a shareholder, along with the prescribed deposit, pursuant to Section 257 of the Act, proposing the appointment of Mr. John P. Kennedy as a Director of the Company.

Mr. John P. Kennedy is Senior Vice President, Secretary and General Counsel of Johnson Controls, Inc. He was a member of the Board of Governors of the Business Section of the State Bar of Wisconsin and founder of the State Bar's Entrepreneurial Law Committee. He has been appointed a member of Governor Thompson's Blue Ribbon Committee, assigned to investigate the implementation of a Business Court in Wisconsin. He also serves on the Executive Committee of the Council of Chief Legal Officers. He was an Adjunct Professor at Marquette University Law School. Mr. Kennedy holds a B.S. degree in Economics, a J.D. degree in Law, an M.B.A. degree in Finance and an L.L.M. degree in Corporate Law. He is a member of the Kansas, Missouri, Ohio, Wisconsin and U.S. Supreme Court Bar Associations. He is also a Director on the Board of Johnson Controls India Private Limited and Johnson Controls Software (Asia) Private Limited.

Your Directors recommend the resolution for approval of the members. None of the Directors, except Mr. John P. Kennedy, is interested in the resolution.

Item No.7

Registrar of Companies (RoC), Andhra Pradesh, had advised the Company to delete the proviso to Article 70 and Articles 91A and 91B of the Articles of Association of the Company, stating that these articles are not in consonance with the provisions of the Companies Act, 1956. The Articles proposed for deletion were inserted earlier pursuant to the special resolutions passed by the shareholders at the general meetings held on 22 October 1997 and 30 July 1998.

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

The shareholders of the Company at the Annual General Meeting held on 9 August 2000 had re-appointed Mr. Ramachandra N. Galla as the Chairman and Managing Director of the Company for a period of five years from 1 September 2000 to 31 August 2005. Mr. Ramachandra N. Galla expressed that while he would continue to be Chairman of the Company for the existing tenure of his appointment, he would like to step down from being Managing Director with effect from 1 August 2003. The Board discussed the matter at its meeting held on 20 June 2003 and decided to appoint Mr. Ramachandra N. Galla as the Executive Chairman of the Company for the period from 1 August 2003 to 31 August 2005, on the same terms and conditions. The remuneration payable to him was approved by the Remuneration Committee of Directors of the Company.

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.9

The shareholders of the Company at the Annual General Meeting held on 9 August 2000 had re-appointed Mr. Jayadev Galla as the Executive Director of the Company for a period of five years from 1 September 2000 to 31 August 2005. Consequent to the appointment of Mr. Ramachandra N. Galla as the Executive Chairman, Mr. Jayadev Galla was appointed as the Managing Director of the Company for the period from 1 August 2003 to 31 August 2005, on the same remuneration. The remuneration payable to him has been approved by the Remuneration Committee of Directors.

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.

By Order of the Board

Place : Chennai
Date : 20 June 2003

P Varadarajan
Company Secretary

Your Directors have pleasure in presenting the Eighteenth Annual Report together with Audited Accounts for the financial year ended 31 March 2003.

Financial Results

The financial results for the year ended 31 March 2003 were as follows:

Rupees in Million

Particulars	For the year ended	
	31 March 2003	31 March 2002
Profit After Tax	74.01	182.23
Add: Profit brought forward from last year	467.84	343.69
Profit available for appropriation	541.85	525.92
Appropriation:		
General Reserve	3.70	18.22
Dividend (Including Dividend Tax)	19.27	39.86
Surplus carried to Balance Sheet	518.88	467.84

Dividend

Your Directors recommend a dividend of Rs 1.50 per Equity Share (15%) for the financial year ended 31 March 2003, which would absorb Rs 19.27 million, including Dividend Tax.

Results of Operations

The year witnessed a growth in top line revenues and volumes over the previous year. Gross sales at Rs.1987 mn was 6% higher over the previous year. Domestic Industrial battery volumes increased marginally while automotive batteries and export volumes posted significant growth over the previous year.

Despite a very challenging year the Company continued to maintain its market leadership in domestic Industrial VRLA (Valve Regulated Lead Acid) batteries with a growth of 3% in volumes over the previous year. The launch of Quanta™ UPS batteries was well received in the market and this product has filled a long required need for a robust and state-of-the-art battery for UPS applications. Volumes in Quanta™ are growing month on month and the Company has received very encouraging reports both from trade partners as also customers. The launch of Quanta™, marks the beginning of the Company's initiative of expanding its channel network to Industrial batteries.

Quanta™, which has been developed at the Company's Research & Engineering Center at Tirupati, has been benchmarked against the best in the world.

Automotive Battery volumes continued to grow and witnessed a 37% growth year on year. To its existing list of OE customers, the Company added new accounts, namely, Fiat (Palio), Honda (Accord), International Tractors, General Motors, Eicher & Telco Heavy vehicles as OE clients in the current year.

The Company also added Lucas Indian Service to its private label programme customers, which includes MICO's "Bosch" and GM SPO's "AC Delco" brand of batteries.

The year also witnessed the expansion of the Aftermarket network to cover 21 states with over 100 franchisees, 40 "Pit Stops" and 7000 retailers. Today, the Amaron Brand is well recognised across the country and is rated high both in terms of brand recall as well as customer satisfaction.

Exports

During the financial year, Export Revenues grew by nearly 500% over the previous year. The Company saw its country base and client base expand - both in Industrial and Automotive Batteries.

DIRECTORS' REPORT

The Company exported its industrial batteries to USA, Taiwan, West Africa & Middle East. Automotive battery exports included exports to Japan, Singapore, Philippines, Taiwan, Sri Lanka, Nepal, Bhutan, United Kingdom, Cyprus and UAE. The Company is an approved 100 % supplier of automotive batteries to ComfortDelgro Cabs, the largest taxi fleet operator in Singapore and has also been retained by Dubai Transport, the largest fleet operator in UAE for supply of automotive battery - after clearing very stringent quality control and stress tests.

The Company's thrust on Exports is paying off - with the encouraging response received, the growing acceptance of the Company's products and also the growth in volumes. We expect export volumes to contribute significantly to the Company's top line and performance in the years to come.

Profitability

While the year did witness growth in revenues and volumes, there was a reduction in the profits of the Company.

Despite a growth in subscriber base, the past year witnessed significant changes in the Telecom industry including a severe reduction in Telecom tariffs. This has affected investment plans of all telecom majors in the country and the impact of the consolidation and infrastructure sharing taking place in the Telecom industry has had its rippling effect on suppliers to Telecom Industry, including Battery Manufacturers. Also, the existence of a large number of players in Industrial Batteries and consequent competition have contributed to lower realizations. The effects of all this was a stagnation in demand and reduction in realisations.

While Automotive Battery sales have been growing consistently, the returns on the investments made into Automotive Batteries, both in hard assets as also the expansion of the retail network would be felt only in the medium term. Thus, while the current year did see a surge in Automotive Battery volumes, there was also an increase in costs as the full year effect of the investments as also the network expansion was felt in the financial year.

Future Outlook

Industrial Batteries realisations seem to have bottomed out and it is felt that realisations and operating margins should increase gradually even though the Telecom Industry is still going through a phase of radical and dynamic change.

While Automotive Batteries volumes would continue to grow, it is expected that the benefits of the investment in Automotive Batteries would be realised in the medium term. The automobile industry is looking very positive and is showing a very healthy growth and the battery industry should also benefit from this very positive outlook of the automobile industry.

The Company's thrust on exports would continue and with the encouraging growth in exports in the past year, it is expected the export volumes would go to shore up revenues as well as the profits of the Company.

The expansion into automotive batteries and the thrust on exports has certainly widened the revenue base of the Company. The management is also aggressively implementing cost control measures, the effects of which should be seen from the latter part of the next financial year.

Taking into account all of the above it is expected that while growth in profitability would be a challenge in the immediate short run, the concrete plans and strategies which are afoot should see growth in turnover and profits in the years to come.

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 2003.

Health, Safety and Environmental Protection

Your Company has substantially complied with all applicable Environmental Laws and Labour Laws. The Company has taken significant measures towards Environment Protection and Conservation. The Company has been certified ISO 14001 for its Environment Management System.

Conservation of Energy, Technology and Foreign Exchange

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed hereto and the same forms part of this report.

Employees and Industrial Relations

Industrial relations in the Company were very cordial and stable.

Information as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder is given in the annexed statement and the same forms part of this report.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. P. Lakshmana Rao retires by rotation and being eligible, offers himself for re-appointment.

Mr. Douglas C Brown and Mr. K Satish Reddy resigned during the year under review. Mr. Arthur F Nennig Jr. has resigned from the Board with effect from 29 April 2003. Consequent to the resignation of the original Director, Mr. Rohit Kochhar, who was the Alternate Director for Mr. Douglas C Brown, had also vacated office. The Board wishes to place on record the valuable services rendered by Mr. Douglas C Brown, Mr. K Satish Reddy, Mr. Arthur F Nennig Jr. and Mr. Rohit Kochhar.

Mr. Raymond J Brown was appointed as Director in the casual vacancy caused by the resignation of Mr. Douglas C Brown. Under the provisions of Section 262 of the Companies Act, 1956 Mr. Raymond J Brown retires by rotation and being eligible offers himself for re-appointment.

Mr. John P Kennedy was appointed as an Additional Director of the Company at the Board Meeting held on 29 April 2003. He holds office till this Annual General Meeting, under the provisions of Section 260 of the Act. Notice has been received from a shareholder under Section 257 of the Act, signifying his intention to propose appointment of Mr. John P Kennedy as Director of the Company at the forthcoming Annual General Meeting.

Auditors

M/s. E. Phalguna Kumar & Co., Chartered Accountants, Tirupati and M/s. Chevaturi Associates, Chartered Accountants, Vijayawada, the joint Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Corporate Governance

Your Company has complied with the provision of Clause 49 of the Listing Agreement relating to Corporate Governance and believes that the initiatives on Corporate Governance will assist the Management in the efficient conduct of the business and in meeting its obligation to all its stakeholders.

A detailed report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as required under Clause 49 of the Listing Agreement is attached to this report.

Directors' Responsibility Statement

As required under the Companies Act, 1956, your Directors wish to state:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed and that there are no material departures there from;
- b) That they have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) That they have taken proper and sufficient care 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; and
- d) That they have prepared the accounts for the year ended 31 March 2003 on a 'going concern' basis.

Acknowledgements

Your Directors are thankful to the Bankers for their continued support during the year under review and acknowledge with gratitude the help extended by the Central Government and the Government of Andhra Pradesh. Your Directors are equally grateful to the customers, suppliers and to you for the confidence reposed and the valuable support extended.

For and on behalf of the Board

Ramachandra N. Galla
Chairman & Managing Director

Place: Chennai

Date: 20 June 2003

A ANNEXURE TO DIRECTORS' REPORT

Particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31 March 2003.

A. CONSERVATION OF ENERGY

The Company continues its ongoing efforts on energy conservation through upgradation of process technology, proper production scheduling and installation of energy efficient equipment, resulting in energy savings.

Form for disclosure of particulars with respect to conservation of energy

A.	Power and Fuel consumption	2002-03	2001-02
1.	Electricity		
	(a) Purchased		
	Unit (Kwh)	16,735,240	14,926,724
	Total Amount (Rs.)	34,995,787	35,544,390
	Rate / Unit (Rs.)	2.09	2.38
	(b) Own Generation		
	(i) Through Diesel Generator		
	Unit (Kwh)	192,723	1,119,323
	Unit per litre of diesel	2.70	2.85
	Cost / Unit (Rs.)	7.55	6.22
	(ii) Through steam turbine / generator	-	-
2.	Coal	-	-
3.	Furnace Oil	-	-
4.	Others	-	-
5.	Power consumed per lakh of Ampere hour produced	6037	7016

B. TECHNOLOGY ABSORPTION

Research and Development

- Specific Areas in which R&D is carried out by the Company:
 - Bench Marking
 - Conservation of Materials
 - Developing and expanding the product range to suit diverse and demanding applications
 - Exploration of Environmental friendly operations/ materials
 - Material development activity for enhanced battery performance
 - Quality improvements to reduce field failures
 - Technology upgradation to make the batteries robust and high end performer
- Benefits derived as a result of the above R&D:
 - Completed an in-depth bench marking for special range VRLA batteries.
 - Carried out bench marking and developed JIS range Batteries to facilitate Private Label Market.
 - Introduced new designs in lower capacity cells to facilitate higher productivity and cost optimization.

ANNEXURE TO DIRECTORS' REPORT

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- Implemented environmental friendly and cost effective chemicals for Effluent Treatment.
 - Material substitution carried out in mould coatings.
 - Studied Resin for post sealing and composition changes were made effective to reduce the curing time.
3. Future Plan of Action:
- Commercialization of motor-cycle batteries.
 - Development of new range high integrity VRLA cell designs.
 - Establishment of product for New application segments.
 - Studies on paste additives to enhance the battery performance.
 - In-depth evaluation of metal surface treatment chemicals to reduce the process cycle time.
 - Validating alternative grades of poly propylene to conserve energy and to improve productivity.

4. Expenditure on R & D

(Rupees in Million)

Particulars	2002-03	2001-02
Capital	6.10	5.80
Recurring	2.76	5.82
Total	8.86	11.62
Total R&D Expenditure as a percentage of Total Turnover	0.44%	0.62%

Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation
- JIS Range of Automotive Batteries for Two wheeler Application
 - Specially designed QUANTA Batteries for UPS Application
 - Study of venting designs for both automotive and industrial products and implementation of robust and precision control vent valve for VRLA cells.
 - New methods explored for plate characterization. Environmentally friendly and accurate methods developed for laboratory analysis.
2. Benefits derived as a result of the above efforts:
- Material Conservation
 - Cost reduction
 - Improved Battery Performance
 - New Markets
3. 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. Technology upgradation being an ongoing process, the Company will seek to acquire any further improvements made in the technology by Johnson Controls Inc., USA
d) If not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action	Not applicable

A NNEXURE TO DIRECTORS' REPORT

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Exports during the year 2002-03 recorded a FOREX revenue equivalent to Rs. 44.80 million. The focus markets for the Automotive Batteries are Asia Pacific, Middle East/Africa and Europe. Company has already signed-up business partners in Singapore, UAE, Philippines, Taiwan, Sri Lanka & Nepal to promote AMARON™ range of automotive batteries. The business is expected to grow significantly in the current financial year, with these partners in place. Efforts are also on to get at least two large/global Private Label accounts.

The markets in focus for Industrial Batteries would be South East Asia, the Middle East and the United States, covering the Telecom & UPS customers. Active partnerships have been formed with representatives in these regions. Product Certification/Compliance to meet requirement of various telecom service providers would be the area of focus in the current financial year.

Total Foreign exchange used and earned

		Rs. in Million	
Sl. No.	Particulars	2002-03	2001-02
1	Foreign Exchange Used	569.08	532.07
2	Foreign Exchange Earned	44.80	6.89

For and on behalf of the Board

Place: Chennai
Date: 20 June 2003

Ramachandra N. Galla
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

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Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up to date

Employees who are employed throughout the year and were in receipt of remuneration in aggregate of not less than Rs. 24,00,000/- per annum.

Name of the Employee	Age (Years)	Designation/ Nature of Duty	Gross Remuneration (Rupees)	Qualification	Date of Commencement of employment	Total experience in years	Particulars of Last Employment
Mr. Ramachandra N. Galla	65	Chairman & Managing Director	6,520,369	M.E., M.S.	1.09.1990	36	Sr. Engineer in Sargent & Lundy (Power Consultants), USA.
Mr. Jayadev Galla	37	Executive Director	6,520,369	B.A.	9.12.1991	13	International Sales Administrator, GNB Technologies, USA

Notes:

1. The conditions of employment of the Chairman & Managing Director and the Executive Director are contractual.
2. Gross remuneration includes perquisites.
3. Remuneration to the Chairman & Managing Director and the Executive Director includes commission on profits of Rs. 4,101,283/- and Rs. 3,834,259/- respectively.
4. Mr. Ramachandra N. Galla, Chairman & Managing Director and Mr. Jayadev Galla, Executive Director are related to each other and also to Mrs. Amara Kumari Galla, Director.

for and on behalf of the Board
 Ramachandra N. Galla
 Chairman & Managing Director

Place : Chennai

Date : 20 June 2003

R EPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

A. MANDATORY REQUIREMENTS

1. Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders.

2. Board of Directors

Composition

The present strength of the Board is eight Directors. The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Two Directors including Chairman & Managing Director are Whole-time Directors. There are six non-executive directors.

Amara Raja Batteries Limited have certain rights enshrined in the Articles of Association pertaining to appointment of Directors.

Physical attendance of each Director at the Board Meetings and the latest AGM.

Name of the Director	Category of Directorship	No. of Board Meetings attended	% of total Meetings attended	Attendance at the last AGM
Mr. Ramachandra N. Galla	Chairman & Managing Director	5	100	Yes
Dr. Upendranath Nimmagadda	Director	1	20	No
Alternate: Mr. V.R. Rao		1	20	No
Mrs. Amara Kumari Galla	Director	3	60	Yes
Mr. P. Lakshmana Rao	Director	4	80	Yes
Mr. Arthur F. Nennig Jr.	Director	2	40	No
Alternate: Ms. Manjula Chawla		1	20	No
Mr. Douglas C. Brown*	Director	1	20	No
Alternate: Mr. Rohit Kochhar		-	-	No
Mr. Mark L. Koczela	Director	3	60	Yes
Mr. Raymond J. Brown**	Director	1	20	NA
Mr. K. Satish Reddy*	Director	1	-	No
Mr. Jayadev Galla	Executive Director	5	100	Yes

* Mr. Douglas C. Brown and Mr. K. Satish Reddy have resigned from the Board with effect from 25 October 2002.

** Mr. Raymond J. Brown was appointed as a Director on 25 October 2002 in the casual vacancy caused by the resignation of Mr. Douglas C. Brown.

REPORT ON CORPORATE GOVERNANCE

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Participation in the Board Meetings through Teleconference:

Name of the Director	No. of Board Meetings participated
Mr. Arthur F. Nennig Jr.	2
Mr. Douglas C. Brown	2
Mr. Mark L. Koczela	1

Number of other companies or committees the Director (being a director as on the date of Directors' Report) is a Director / Chairman

Name of the Director(s)	No. of other Companies in which Director	No. of Committees (other than Amara Raja Batteries Limited in which Member)
Mr. Ramachandra N. Galla	4	-
Dr. Upendranath Nimmagadda	1	-
Mr. V. R. Rao	1	-
Mrs. Amara Kumari Galla	3	-
Mr. P. Lakshmana Rao	1	-
Ms. Manjula Chawla	16	-
Mr. Mark L. Koczela	-	-
Mr. Raymond J. Brown	-	-
Mr. John P. Kennedy	2	-
Mr. Patrick Nettesheim	-	-
Mr. Jayadev Galla	5	-

Number of Board Meetings held and the dates of the Board Meetings.

Five Board Meetings were held during the year 2002-03, on the following dates:

- 25 June 2002
- 25 October 2002
- 30 July 2002
- 30 January 2003
- 14 August 2002

3. Audit Committee

Terms of Reference of Composition, Name of the Members and Chairman

The Audit Committee comprises of Mr. P. Lakshmana Rao, Chairman of the Committee, Mr. V. R. Rao and Ms. Manjula Chawla all being Independent Directors. The Chairman & Managing Director, Executive Director along with Statutory Auditors and Chief Financial Officer are invitees to the meeting. The terms of Reference of this Committee are wide enough covering matters specified for Audit Committee under the Listing Agreements.

Meetings and the attendance during the year

There were three meetings of the Audit Committee held during the year 2002-03. The attendance of the each member of the Committee is given below.

Name of the Director	No. of Meetings attended	% of total Meetings attended
Mr. P. Lakshmana Rao	3	100
Mr. V. R. Rao	3	100
Ms. Manjula Chawla	1	33

R EPORT ON CORPORATE GOVERNANCE

4. Remuneration to the Directors

(A) The details of the remuneration paid to Whole time Directors during the year 2002-03 are given below:

Name and Designation	All elements of remuneration package i.e., salary benefits, bonuses, pension etc. (Rs. in Million)	Fixed Component and performance linked incentives along with the performance criteria (Rs. in Million)	Service Contract Notice Period and Severance Fees	Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable
Mr. Ramachandra N. Galla Chairman & Managing Director	2.42	4.10	Nil	Nil
Mr. Jayadev Galla Executive Director	2.69	3.83	Nil	Nil

Notes:

1. The remuneration is computed at 5% each on the Net Profit for the year as computed under the Companies Act, 1956.
2. The agreement with each of the Directors is for a period of five years.
3. Presently, the Company does not have a scheme for the grant of stock options to its employees.

(B) The details of payments to Non-Executive Directors during the year 2002-03 are given below.

Name of the Director	Sitting Fee (in Rs.)	Commission (in Rs.)
Mr. P. Lakshmana Rao	12,000	-
Mrs. Amara Kumari Galla	4,000	-
Ms. Manjula Chawla	4,000	-
Mr. V. R. Rao	8,000	-

5. Investors / Shareholders Grievance Committee

The Company has an Investors / Shareholders Grievance Committee under the Chairmanship of Mr. V. R. Rao. Other members of the Committee are Mr. P. Lakshmana Rao and Mrs. Amara Kumari Galla. All the three members of the Committee are Non - Executive Directors. The Committee looks into the shareholders' and investors' complaints. Mr. P Varadarajan, Company Secretary is the Compliance Officer. The number of shares pending for transfer were nil as on 31 March 2003.

6. General Body Meetings

Details of the location of the past three AGMs and the details of the resolutions passed or to be passed by Postal Ballot.

- a) The last three Annual General Body meetings of the Company were held at the Registered Office of the Company, Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati. All meetings commenced at 3.00 pm. All the resolutions setout in the respective Notices were passed by the Shareholders.
- b) No resolution requiring postal ballot as recommended under Clause 49 of the Listing Agreement has been placed for Shareholders' approval at the Meeting.

REPORT ON CORPORATE GOVERNANCE

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6A. Notes on Directors seeking appointment / re-appointment

Mr. P. Lakshmana Rao

Mr. P. Lakshmana Rao is a Fellow Member of the Institute of Chartered Accountants of India and is a partner of M/s. Brahmayya & Co., Chartered Accountants, since 1974. He was the Chairman of the Vijayawada Branch of Southern India Regional Council of the Institute of Chartered Accountants of India. He is associated with various educational institutions as Governing Body Member / President / Vice President. He is a Director on the Board of Lalitha Real Estates Private Limited.

Mr. Raymond J. Brown

Mr. Raymond J. Brown is Vice President, OEM - Battery Group of Johnson Controls, Inc. He is responsible for managing the North American Automotive OEM (Original Equipment Manufacturer) business of the Johnson Controls Battery Group. He is also responsible for the global co-ordination of the OEM business, manages the Battery effort for JCI Japan, and is commercially responsible for JCBG's Advanced Technology Development. Mr. Brown joined Johnson Controls in September 1980 from the Gates Rubber Company where he was focused on the automotive after-market. He has a B.A. in accounting and finance from the Pennsylvania State University.

Mr. John P. Kennedy

Mr. John P. Kennedy is Senior Vice President, Secretary and General Counsel of Johnson Controls, Inc. He was a member of the Board of Governors of the Business Section of the State Bar of Wisconsin and founder of the State Bar's Entrepreneurial Law Committee. He has been appointed a member of Governor Thompson's Blue Ribbon Committee, assigned to investigate the implementation of a Business Court in Wisconsin. He also serves on the Executive Committee of the Council of Chief Legal Officers. He was an Adjunct Professor at Marquette University Law School. Mr. Kennedy holds a B.S. degree in Economics, a J.D. degree in Law, an M.B.A. degree in Finance and an L.L.M. degree in Corporate Law. He is a member of the Kansas, Missouri, Ohio, Wisconsin and U.S. Supreme Court Bar Associations. He is also a Director on the Board of Johnson Controls India Private Limited and Johnson Controls Software (Asia) Private Limited.

7. Disclosures

- Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

Details are given elsewhere in the Annual Report. Please refer to para 22 of the Notes to the Accounts.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Nil

8. Means of Communication

- | | |
|--|--|
| • Half-yearly report sent to the each household of shareholder | No, as the results of the Company are published in the newspapers all over India. |
| • Quarterly Results | – do – |
| • Any website where displayed | – do – |
| • Whether it is also displayed in official newspapers; and | No |
| • The presentations made to institutional investors or to analysts | No |
| • Newspapers in which results are normally published in | i) The Hindu Business Line
ii) Business Standard
iii) Economic Times
iv) Eenadu / Andhra Jyothi |
| • Whether MD & A is a part of the Annual Report | Yes |

R EPORT ON CORPORATE GOVERNANCE

9. General Shareholder Information

- Annual General Meeting
 - Date 31 July 2003
 - Time 3.00 PM
 - Venue Registered Office of the Company at Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati
- Financial Calendar

Quarter	Period	Publication of Results
First	Apr - Jun	Last week of July
Second	July - Sep	Last week of Oct
Third	Oct - Dec	Last week of Jan
Fourth	Jan - Mar	May / June
- Date of Book Closure 26 July 2003 to 31 July 2003 (Both days inclusive)
- Dividend Payment dates Last week of August 2003
- Listing on Stock Exchanges
 - The Hyderabad Stock Exchange Limited
 - The Stock Exchange, Mumbai
 - Listing Fee for the year 2003 - 04 has been paid
- Stock Code 500008 on the Stock Exchange, Mumbai
- ISIN Number for NSDL & CDSL INE 885A01016
- Market Price Data: High & Low during each month in the last financial year As per Annexure – I
- Stock Performance in comparison to broad-based indices such as BSE Sensex, BSE 200, Nifty As per Annexure – II
- Registrar and Share Transfer Agents
 - M/s. Cameo Corporate Services Limited
 - 'Subramanian Building', No. 1, Club House Road
 - Chennai- 600 002. Phone: 044 28460390 Fax: 044 28460129
- Share Transfer System
 - All transfers received are processed and approved by the Share Transfer Committee, which normally meets once in a month or more depending on the volume of transfers.
- Distribution of Shareholding and Share holding Pattern as on 31 March 2003 As per Annexure – III
- Dematerialisation of Shares and liquidity
 - 38.15% of the paid-up Capital has been dematerialised as on 31 March 2003. 52% of the paid-up capital held by Promoters and Foreign Collaborators has not been dematerialised.
- Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity
 - The Company has not issued any ADR / GDR.
- Plant Location
 - The Company's plant is located at Renigunta - Cuddapah Road, Karakambadi - 517 520, Tirupati, Andhra Pradesh, India.

REPORT ON CORPORATE GOVERNANCE

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- Address for correspondence: Shareholders correspondence should be addressed to:
Company Secretary
Amara Raja Batteries Limited
Corporate Operations Office
No. 12, Kodambakkam High Road, Chennai - 600 034.

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

Shareholders holding shares in Electronic mode should address all their correspondence to their respective Depository Participant.

A. NON-MANDATORY REQUIREMENTS

- a) Chairman of the Board: Not applicable as the Chairman of the Board is Executive Chairman.
Whether the Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of his duties
- b) Remuneration Committee The Company has constituted Remuneration Committee consisting of Non Executive Directors. The members of the Committee are Mr. P. Lakshmana Rao, Dr. Upendranath Nimmagadda and Ms. Manjula Chawla.
- c) Shareholder Right -
The half-yearly declarations of financial performance including summary of the significant events in last six months should be sent to each household of shareholders
As the Company's half-yearly results are published in English newspapers having a circulation all over India and Telugu newspaper (having circulation in AP) the same are not sent to the shareholders of the Company. There is no second half yearly results as the audited results are taken on record by the Board and then communicated to the shareholders through the Annual Report.
- d) Postal Ballot The Company has not yet made use of the Postal Ballot.

ANNEXURE I

High / Low of market price of the Company's shares traded on The Stock Exchange, Mumbai during the financial year 2002 - 03

Figures in Rupees

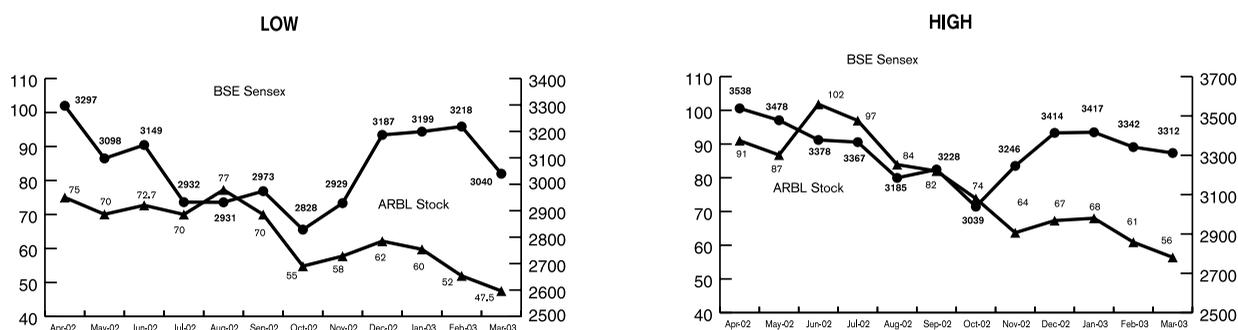
Month	Highest	Lowest	Month	Highest	Lowest
April	91.00	75.00	October	73.85	54.80
May	86.75	70.05	November	63.70	57.75
June	101.80	72.70	December	67.30	62.15
July	96.65	70.00	January 03	68.00	59.75
August	83.90	77.25	February	60.90	51.95
September	82.00	70.00	March	56.40	47.50



REPORT ON CORPORATE GOVERNANCE

ANNEXURE II

STOCK PERFORMANCE Vs BSE SENSEX



ANNEXURE III

The Distribution of shareholding as on 31 March 2003

No. of Equity Shares held	No. of folios	%	No. of shares	%
Up to 500	14,721	93.11	2,042,280	17.93
501 - 1000	626	3.96	505,655	4.44
1001 - 2000	233	1.47	344,752	3.03
2001 - 3000	79	0.50	205,485	1.80
3001 - 4000	23	0.15	82,138	0.72
4001 - 5000	26	0.16	1,22,005	1.07
5001 - 10000	51	0.32	3,73,067	3.28
10001 and above	52	0.33	7,712,118	67.73
Grand Total	15,811	100.00	11,387,500	100.00
No. of Shareholders in Physical Mode	3,531	22.33	7,043,353	61.85
No. of Shareholders in Electronic Mode	12,280	77.67	4,344,147	38.15

Shareholding Pattern as on 31 March 2003

Category	No. of Shareholders	No. of Shares	%
Promoters	10	2,960,747	26.00
Foreign Collaborators	1	2,960,750	26.00
Mutual Funds	13	82,884	0.73
FIs./Banks	8	310,871	2.73
FIs / NRIs	116	979,218	8.60
Domestic Companies	582	617,158	5.42
Public	15,044	3,432,457	30.14
Clearing Member			
NSDL	31	41,956	0.37
CDSL	6	1,459	0.01
Total	15811	11,387,500	100.00

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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To

The Members of
Amara Raja Batteries Limited

We have examined the compliance of conditions of corporate governance by Amara Raja Batteries Limited, for the year ended on 31 March 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the condition of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

We 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.

For E. Phalguna Kumar & Co.
Chartered Accountants

For Chevuturi Associates
Chartered Accountants

E Phalguna Kumar
Partner

S Satyanarayana Murthy
Partner

Place: Chennai
Date : 20 June 2003



MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The objective of this discussion is to share Management's view on the various developments in the business environment, challenges and opportunities as well as an analysis of the Company's performance. This discussion summarizes the Company's internal control measures and significant developments in Human Resources. This discussion should be read in conjunction with the Letter to Shareholders, Directors' report, Financial Statements and Notes to Financial Statements included elsewhere in this Annual Report.

Environment

The resilience of the Indian economy was on view during the year that was marked by the second successive relative failure of the monsoon that affected overall GDP growth as agricultural output dipped 3.1%. Despite the obvious impact on overall growth and demand, the maturity of our economy ensured that certain fundamental indicators remained strong. Forex reserves touched a record high and continue to grow. Inflation, although higher than in the past was contained to bearable levels although the burgeoning fiscal deficit remains as ever a source of concern. All in all, while the adverse impact on consumer demand of drought-like conditions in 4 states in the short run remained, there is cause for hope that with prudent fiscal management and with reasonably favourable conditions, we can expect to see the Industrial sector back on the growth trajectory with scope for transfer of more manufacturing bases to India in the medium term.

The year was witness to upheaval in the domestic telecom sector with new entrants with the CDMA technology upsetting the plans of cellular operators and massive changes in the hitherto predictable growth in teledensity across wire line and wireless segments. Even as this sparked off a massive increase in subscriber base, it led to a churn that could see a shake out within the next fiscal. In this environment all players are understandably wary of committing to additional capacities and this is impacting growth for the battery industry adversely.

Political opposition to the reforms process and the prospects of an election year looming ahead have braked the disinvestments program and cost us time in terms of much needed tax reform. In this climate, industrial growth has been sluggish and investment in infrastructure slow.

The imposition of anti-dumping duties checked the growth of low-priced imports but we continued to observe instances of circumvention that we trust will be addressed by the authorities soon.

The differential in customs duty between lead raw material and finished batteries continues at 5% despite the industry's representations. This has remained a matter of disappointment especially as this impacts the industry's ability to compete effectively when neighbouring countries in Asia have more favourable structures. Nevertheless, if the Kelkar committee recommendations are accepted even with a delay, we will see a slow but steady progress to a more rational indirect tax regime.

The Automotive sector made a recovery and new, improved models from all manufacturers are now a regular and predictable feature of the industry. This, and the welcome progress on the golden quadrilateral are sure to spur growth in this sector.

Challenges and opportunities

INDUSTRIAL BATTERIES:

The turbulence in the year that saw competing technologies and lowered call rates being offered as also major turf battles with the regulatory authorities trying to arbitrate, intensified in the second half. Later in the year, saw BSNL joining in to provide mobile services and making an impressive debut. However, even the public sector behemoth could not remain unaffected by the price wars and the uncertainty in the environment and is forecasting lowered profits. All this has meant scaling down and deferral of investment plans with adverse consequences for demand that is primarily dependent on the development of networks.

Our expectations that a combination of responsible governance and the balance of market forces would sustain the telecom growth have been belied. With orders largely still dependent on network expansion, slowdown in capacity additions by BSNL and lately by VSNL as well as many cellular operators who are seeking even to share infrastructure, battery demand is likely to remain depressed in the short to medium term. The battery industry had been witness to capacity addition in the past is affected adversely by this downturn. Prices have dipped substantially in the face of overcapacity although we have maintained our market share for now. This does mean lowered realisations and returns in the domestic market.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Given this downturn in battery demand from the telecom sector that has been our mainstay thus far, we have focussed on energies on developing business in other sub-sectors like Industry, Power and UPS batteries.

Significantly, we are re-orienting our manufacturer's representative program to focus on identified high volume accounts to optimise effort and restrict product portfolio to those that we can support well and grow in the future like the Brute™ VRLA traction batteries and Powerstack™ for Substation and generating station back up, significantly.

As planned earlier, to capitalise on the explosive demand in the UPS sector we made a significant step to participating in the market by launching Qunata™, an indigenously designed high-performance UPS battery range built to JIS standards. This fills a long-felt gap in our product range and takes us significantly closer to our goal of being a full-range supplier of quality VRLA batteries. The growth in this sector can partially offset the loss in revenue from the telecom sector.

AUTOMOTIVE BATTERIES:

In contrast to our industrial business, our automotive battery business continued to provide us vibrant growth. Our participation extends now to a majority of OEMs in the country with Telco heavy vehicles, Leyland buses, Mahindra Scorpio and tractor accounts, International tractors- MUV and tractor accounts, GM- Nubira and Panther, Fiat Palio and Honda Accord/ LQ being among the significant wins. Talks with more OEMs are underway for consolidating our position further. Lucas was a major addition to our private label stable.

Brand recall and preference for Amaron™, our aftermarket program brand has reached very satisfying levels with our campaigns winning national acclaim and being judged the 'Creative advertiser of the year'. The product also established itself as true to its promise and with warranty rates dropping further on stabilisation of our manufacturing process, trade and customer confidence has risen. Market shares in the passenger sub-sector continued to grow and our network spans over 100 franchisees and 7000 retailers.

Our servicing levels have won for us a place as one of the best suppliers from most major OEMs in dealer surveys and we have fulfilled all requirements to be awarded the Q1 status by Ford India. We are engaged in further strengthening our distribution and service network to better serve our customers.

During the year we re-launched Amaron Harvest™ and Amaron Hi-way™ batteries for the tractor and truck applications with an extended 24 month warranty as the first flat-top, spill-proof batteries with ultra-low maintenance (ULM™) characteristics. The products have been received extremely well although the drought situation that prevailed last year depressed demand somewhat and offtake is expected to rise substantially in the coming year.

All in all the progress on the automotive front is satisfactory and this business is acting as welcome balance to the cyclical fluctuations of the industrial business.

EXPORTS:

Our determined initiatives on the export front have begun yielding positive results with the Amaron program now well established in UAE, Sri Lanka, Nepal and Singapore and promising beginnings in a few other countries. The prospects for the next year are extremely promising with all our partners forecasting vibrant growth for the brand program in their respective markets.

Industrial exports have also picked up and stabilised at a higher level although we would like to broaden the width of distribution to more markets in the year ahead to diversify risks and act as a bulwark to demand fluctuations in the domestic market. Here, our primary focus has been to develop confidence in utilities that they can specify Powerstack™ as an alternative.

We look to the future on exports with confidence as the acceptability of our products is proven beyond doubt and market development work can proceed in right earnest.

Risks and concerns

Thus far, a majority of our revenues have come from sales of industrial batteries and particularly for telecom applications. This sector has seen an upheaval of a kind quite unprecedented that is impacting demand adversely in the short to medium term. However, we continue to hold our faith in our forecast that as the markets mature and the inevitable shakeout leads to consolidation of players, investment will pick up and more importantly, replacement demand for batteries will once again power



MANAGEMENT'S DISCUSSION AND ANALYSIS

demand for which we are well poised. In the short run, to mitigate these risks, Amara Raja has adopted the twin strategies of diversifying risks by exploring export markets and developing the UPS batteries leg of the business that could partially compensate for the downturn in the telecom sector.

Also, aggressive growth in the automotive business that has been an integral part of our growth strategy is being planned to ensure continued growth.

Financial Review

Sales in the last year increased by 6% to Rs.1987 Million largely on the back of expansion of our automotive business even as Industrial Batteries volume given up marginally. The operations of the Company resulted in an in net profit after tax of Rs. 74 Million with an accrual of Rs. 55 Million to reserves.

With pressure on prices in the industrial sector and reduction in telecom demand our focus will be on reining in operating costs to maintain an acceptable level of operating profit.

Resources and Liquidity

Amara Raja continues to maintain its conservative financial profile and its status of a zero-debt company with no term loans outstanding. Reserves as at 31 March 2003 totalled Rs. 1637 Mn and we do not anticipate any need for further external funding for the planned expansion/ modernisation projects.

Internal Controls

The Audit Committee comprising three independent directors of the Company continues to meet regularly to review internal control measures. Based on the observations made by the Committee and on advice from our auditors we have substantially upgraded internal controls and checks and balances to cope with the increased complexity of operations. Our control systems are being further enhanced as more and more of our operations are integrated into the ERP that we had implemented earlier.

Human resources

During the year we further strengthened our mechanisms to ensure we develop a culture of transparency and fairness that has remained a hallmark of the Amara Raja ethos. Issue of a 'Code of ethics' and development of clearly defined performance goals with employees graded according to achievement against set parameters are significant steps that we have taken last year.

We also made a determined effort to instill a sense of environmental consciousness in Amara Raja citizens by becoming the first major integrated lead-acid battery facility to be certified for the ISO-14001 standard. This imposes on all of our employees a duty to protect and conserve the environment around their workplace and from by-products of the actions that they carry out every day in their respective areas of work.

We continue to maintain very cordial Industrial Relations and we 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.

The wealth of our Human Resources is underscored by the fact that many of our achievements have won national acclaim and we are regarded as a preferred employer. This is a status that we are justly proud of and wish to maintain.

Cautionary forward-looking statements

The Company has made forward-looking statements in this document that are subject to risks and uncertainties. Forward-looking statements may be identified by their use of words like "expects", "anticipates", "believes", "estimates" or similar expressions. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's strategy for growth, product development, market position, market expenditures, and financial results are forward-looking statements.

For those statements the Company cautions that numerous important factors could affect the Company's actual results and could cause its results to differ materially from those expressed in any such forward-looking statements.

AUDITORS' REPORT

T

To
The Members of
Amara Raja Batteries Limited

We have audited the attached Balance Sheet of Amara Raja Batteries Limited as at 31 March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purpose of our audit;
- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books;
- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2003; and
 - (ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- f. On the basis of written representations received from the Directors, as on 31 March 2003, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2003 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For E. Phalguna Kumar & Co.
Chartered Accountants

For Chevaturi Associates
Chartered Accountants

E Phalguna Kumar
Partner

S Satyanarayana Murthy
Partner

Place: Chennai
Date : 20 June 2003

A

ANNEXURE TO THE REPORT OF THE AUDITORS

01. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The Company has adopted a phased program of physical verification of its fixed assets, which in our opinion is reasonable and adequate considering the number and location of its fixed assets. As per the records of the Company, no discrepancies between fixed assets and book records have been noticed in respect of the assets physically verified during the year under report.
02. None of the fixed assets of the Company have been re-valued during the year.
03. According to the information and explanations given to us, the stocks of finished goods, stores, components, spare-parts and raw materials have been physically verified by the management during the year at reasonable intervals.
04. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
05. According to the information and explanations furnished to us the discrepancies noticed on physical verification of stocks as compared to book records, were not material, and have been properly dealt with in the books of account.
06. In our opinion and according to the information made available to us and the explanations given to us, the method of valuation of stocks is proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
07. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and from Companies under the same management as defined under Sub-Section (1B) of Sec.370 (not applicable) of the Companies Act, 1956.
08. According to the information and explanations given to us, the company has not granted any loans to parties listed in the register maintained u/s. 301 or to companies under the same management as contemplated in Section 370(1B), of the Companies Act, 1956. We have been informed that there is no company under the same management as defined u/s. 370 (1B) of the Companies Act, 1956.
09. According to the information and explanations furnished to us, the parties to whom loans or advances in the nature of loans have been given by the Company, are repaying the principal amounts and also interest as stipulated.
10. In our opinion, there is an adequate internal control procedure, commensurate with the size of the Company and nature of its business, with regard to the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at price and terms which are reasonable, having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or materials have been made with other parties.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged components, raw materials and spare parts and finished goods and necessary adjustments for the loss, if any, have been made in the accounts.
13. According to the information and explanation given to us, the Company has not accepted any deposits as defined under Section 58A of the Companies Act, 1956, the Companies (Acceptance of Deposits) Rules 1975 and the Rules framed thereunder.

ANNEXURE TO THE REPORT OF THE AUDITOR

S

14. In our opinion, the Company is maintaining reasonable records for sale and disposal of scrap. We are informed that the Company has no by-products.
15. In our opinion the Company has an Internal Audit System, commensurate with its size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been maintained. We have not, however, conducted a detailed examination of the same.
17. According to the records of the company, the company is regular in depositing the Provident Fund and Employee's State Insurance dues with the appropriate authorities and there are no arrears of such dues as on date of Balance Sheet.
18. According to the books and records examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs Duty and Excise Duty outstanding as at the date of the Balance Sheet for a period of more than six months from the date they became payable.
19. In our opinion and according to the information and explanations given to us and the records of the company examined by us, no personal expenses have been charged to revenue account, except those payable under contractual obligations, and in accordance with the usual commercial practices.
20. The Company is not a sick industrial Company within the meaning of Clause (0) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special provisions) Act, 1985,(1 of 1986) as at the date of the Balance Sheet.

For E. Phalguna Kumar & Co.
Chartered Accountants

For Chevuturi Associates
Chartered Accountants

E Phalguna Kumar
Partner

S Satyanarayana Murthy
Partner

Place: Chennai
Date : 20 June 2003



BALANCE SHEET AS AT 31 MARCH 2003

Particulars	Schedule No.	As at 31.03.2003		As at 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	113,875,000		113,875,000	
Reserves & Surplus	2	1,637,414,490	1,751,289,490	1,582,676,461	1,696,551,461
Loan Funds					
Secured Loans	3	10,699,721		56,203,740	
Unsecured Loans	4	86,669,338	97,369,059	77,475,870	133,679,610
Deferred Tax Liability	5		175,473,398		160,705,332
TOTAL			2,024,131,947		1,990,936,403
APPLICATION OF FUNDS					
Fixed Assets	6				
Gross Block		1,513,712,696		1,410,594,288	
Less: Depreciation		468,937,397		358,697,989	
Net Block		1,044,775,299	1,087,119,186	1,051,896,299	1,094,716,045
Capital Work-in-Progress		42,343,887	131,572,423	42,819,746	130,338,014
Investments	7				
Current Assets, Loans & Advances					
Inventories	8	294,213,786		302,157,471	
Sundry Debtors	9	455,719,660		456,197,268	
Cash & Bank Balances	10	153,032,755		98,577,275	
Loans, Advances & Deposits	11	318,377,887		336,709,372	
Other Current Assets	12	5,821,117		10,078,714	
		1,227,165,205		1,203,720,100	
Less: Current Liabilities & Provisions	13				
Liabilities		222,071,074		250,878,965	
Provisions		301,841,044		295,981,928	
		523,912,118		546,860,893	
Net Current Assets			703,253,087		656,859,207
Misc. Expenditure to the extent not written off or adjusted	14		102,187,251		109,023,137
TOTAL			2,024,131,947		1,990,936,403

Note: The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Balance Sheet

as per our report of even date attached
for E. PHALGUNA KUMAR & CO.
Chartered Accountants
E. Phalguna Kumar
Partner

for and on behalf of the Board
Ramachandra N. Galla
Chairman & Managing Director

Gopal Mahadevan
Chief Financial Officer

for CHEVUTURI ASSOCIATES
Chartered Accountants
S. Satyanarayana Murthy
Partner

Jayadev Galla
Executive Director

P. Varadarajan
Company Secretary

Place : Chennai
Date : 20 June 2003

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

3

Particulars	Schedule No.	Year Ended 31.03.03 Rupees	Year Ended 31.03.02 Rupees
INCOME			
Sales		1,987,349,477	1,882,197,254
Other Income	15	29,840,884	59,501,719
Increase/(Decrease) in Stocks	16	9,327,321	72,320,386
TOTAL		2,026,517,682	2,014,019,359
EXPENDITURE			
Raw Material Consumed	17	790,294,441	801,234,813
Payments & Benefits to Employees	18	155,058,280	137,253,184
Manufacturing, Selling, Admn., and other Expenses	19	463,106,103	373,432,451
Duties & Taxes	20	379,941,879	364,018,344
Interest	21	3,777,813	6,670,646
Depreciation		117,000,528	84,062,017
TOTAL		1,909,179,044	1,766,671,455
Profit Before Taxation		117,338,638	247,347,904
Less: Provision for Income Tax		28,500,000	20,000,000
Provision for Deffered Income Tax		14,768,066	45,439,896
Provision for Wealth Tax		62,758	45,000
Add: Excess provision for Dividend Tax Written back		-	366,513
Profit After Taxation		74,007,814	182,229,521
Profit brought forward from Previous Year		467,844,797	343,694,526
Profit available for Appropriation		541,852,611	525,924,047
Less: Appropriation			
Transfer to General Reserve		3,700,436	18,223,000
Proposed Dividend		17,081,250	39,856,250
Dividend Tax		2,188,535	-
Balance Carried to Balance Sheet		518,882,390	467,844,797
Basic Earnings Per Equity Share of Rs. 10 each (EPS)		6.50	16.00
Net Profit After Tax Rs. 74,007,814/- (Previous year Rs. 182,229,521/-)			
No. of Equity Shares 11,387,500 (Previous Year 11,387,500)			

Note: The Schedules, Accounting Policies and Notes on Accounts form an integral part of the Profit and Loss Account.

as per our report of even date attached
for E. PHALGUNA KUMAR & CO.
Chartered Accountants
E. Phalguna Kumar
Partner

for and on behalf of the Board
Ramachandra N. Galla
Chairman & Managing Director

Gopal Mahadevan
Chief Financial Officer

for CHEVUTURI ASSOCIATES
Chartered Accountants
S. Satyanarayana Murthy
Partner

Jayadev Galla
Executive Director

P. Varadarajan
Company Secretary

Place : Chennai
Date : 20 June 2003



SCHEDULES TO BALANCE SHEET AS AT 31 MARCH 2003

Sch. No.	Particulars	As at 31.03.2003		As at 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
1	SHARE CAPITAL				
	Authorised: 15,000,000 Equity Shares of Rs. 10/- Each		150,000,000		150,000,000
	Issued: 11,809,100 Equity Shares of Rs. 10/- Each		118,091,000		118,091,000
	Subscribed and Paid-up: 11,387,500 Equity Shares of Rs. 10/- Each		113,875,000		113,875,000
	TOTAL		113,875,000		113,875,000
2	RESERVES & SURPLUS				
	a. Capital Reserve		11,500		11,500
	b. Share Premium		311,862,600		311,862,600
	c. General Reserve				
	As per last Balance Sheet	802,957,564		900,000,000	
	Additions during the year	3,700,436		18,223,000	
	Less: Transfer to Deferred Income Tax Liability	–		115,265,436	
			806,658,000		802,957,564
	d. Surplus in Profit & Loss Account		518,882,390		467,844,797
	TOTAL		1,637,414,490		1,582,676,461
3	SECURED LOANS (Refer Note: 1)				
	A. Term Loans:				
	From Financial Institutions:				
	Rupee Term Loans		386,522		386,522
	B. Working Capital Facilities:				
	a. State Bank of India		300,000		40,041,918
	b. Andhra Bank		10,013,199		15,775,300
	TOTAL		10,699,721		56,203,740
4	UNSECURED LOANS				
	Interest free Sales Tax Deferment (Refer Note: 3)		86,669,338		77,475,870
5	DEFERRED TAX LIABILITY				
	As per last Balance Sheet	160,705,332		115,265,436	
	Add: Liability for the year	14,768,066		45,439,896	
			175,473,398		160,705,332

SCHEDULES TO BALANCE SHEET

T

Schedule No. 6

FIXED ASSETS AND DEPRECIATION

(Amount in Rupees)

Sl. No.	Particulars	Gross Block				Depreciation Block				Net Block	
		Cost as on 01.04.2002	Additions	Deletions	Total as on 31.03.2003	Up to 31.03.2002	Current period	Deletions	Total as on 31.03.2003	As on 31.03.2003	As on 31.03.2002
1	Land and Land Development	5,216,869	276,790	-	5,493,659	-	-	-	-	5,493,659	5,216,869
2	Buildings	278,572,801	22,340,178	-	300,912,979	26,661,616	7,741,738	-	34,403,354	266,509,625	251,911,185
3	R & D Buildings	9,896,346	-	-	9,896,346	1,017,731	330,538	-	1,348,269	8,548,077	8,878,615
4	Plant & Machinery	822,642,187	55,112,721	7,594,943	870,159,964	252,576,567	86,276,568	6,181,073	332,672,062	537,487,902	570,065,620
5	R & D Plant & Machinery	73,981,631	409,119	-	74,390,750	18,776,185	3,992,698	-	22,768,883	51,621,867	55,205,446
6	Electrical Installations	91,860,050	7,631,309	-	99,491,359	23,853,340	4,477,909	-	28,331,249	71,160,110	68,006,710
7	Furniture	27,946,454	17,207,835	83,264	45,071,025	7,791,922	2,071,852	33,289	9,830,485	35,240,540	20,154,532
8	Office Equipment	80,403,176	5,162,944	71,988	85,494,132	20,928,679	10,170,265	40,603	31,058,341	54,435,791	59,474,497
9	Vehicles	19,959,774	3,822,885	1,095,178	22,687,481	7,068,508	1,915,960	506,155	8,478,313	14,209,168	12,891,266
10	Trade Marks	115,000	-	-	115,000	23,441	23,000	-	46,441	68,559	91,559
	Total	1,410,594,288	111,963,781	8,845,373	1,513,712,696	358,697,989	117,000,528	6,761,120	468,937,397	1,044,775,299	1,051,896,299
	Previous Year	977,114,124	433,862,751	382,587	1,410,594,288	274,776,940	84,062,017	140,968	358,697,989	1,051,896,299	702,337,184



SCHEDULES TO BALANCE SHEET

Sch. No.	Particulars	As at 31.03.2003		As at 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
7	INVESTMENTS				
	A. In Government Securities				
	a. Indira Vikas Patra		7,000		7,000
	b. 6 Years National Savings Certificates (Lodged as security with Govt. departments. Rs. 12,000 held in the name of Mr. Ramachandra N. Galla, Chairman & Managing Director)		55,000		43,000
	B. Quoted				
	a. Shares in Companies				
	(i) 166 Fully paid-up Equity Shares of Rs. 10/- each in Nicco Corporation Ltd		1,735		1,735
	(ii) 250 Fully paid-up Equity Shares of Re. 0.50 each in Standard Batteries Ltd. (Face value of Rs.10/- per share has been reduced to Re. 0.50 as per the court order)		7,750		7,750
	(iii) 500 Fully paid-up Equity Shares of Rs. 10/- each in Exide Industries Ltd.		44,069		44,069
	(iv) 500 Fully paid-up Equity Shares of Rs. 10/- each in HBL Nife Power Systems Ltd.		4,850		4,850
	(v) 7,200 Fully paid-up Equity Shares of Rs. 10/- each in IDBI Ltd. (including 2700 bonus shares)		585,000		585,000
	(vi) 23,500 Fully paid-up Equity Shares of Rs. 10/- each in IDBI Bank Ltd.		423,000		423,000
	(vii) 16,000 Fully paid-up Equity Shares of Rs. 10/- each in I.V.R.C.L. Infrastructure and Projects Ltd. (including 8,000 bonus shares)		204,800		204,800
	(viii) 2,27,900 Equity shares of Rs. 10/- each fully paid-up in Andhra Bank		2,279,000		2,279,000
	b. Others				
	(i) 23,65,391 Units of SBI Magnum Liquid Bonds Income Fund of Rs. 10/- each		25,000,000		25,000,000
	(ii) 31,40,181 units of Prudential ICICI Gilt Fund Treasury Plan of Rs. 10/- each		31,800,000		31,800,000
	(iii) 18,24,818 units of Prudential ICICI Income Plan of Rs. 10/- each		20,000,000		20,000,000

SCHEDULES TO BALANCE SHEET

T

Sch. No.	Particulars	As at 31.03.2003		As at 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
	C. Unquoted				
	a. Shares in Companies				
	(i) 1128 Fully paid up Equity Shares of Rs. 10/- each in Indian Lead Ltd. (including 128 Bonus Shares)		30,000		30,000
	(ii) 5,36,000 Fully paid up Equity Shares of Rs. 10/- each in Andhra Pradesh Gas Power Corporation Ltd.		51,997,360		51,997,360
	b. Others				
	(i) 300 Unsecured, redeemable, subordinated floating interest rate bonds of Rs. 1,000/- each in State Bank of India fully paid.		300,000		300,000
			132,739,564		132,727,564
	Less: Provision for loss on diminution		1,167,141		2,389,550
	TOTAL		131,572,423		130,338,014
	Aggregate of Quoted Investments				
	At cost		80,350,204		80,350,204
	Market value		79,183,063		77,960,654
	Aggregate of Un-quoted Investments at cost		52,389,360		52,377,360
8	INVENTORIES (as certified by the Management)				
	a. Stores & Spares		26,980,602		32,037,345
	b. Material in Transit		13,606,878		-
	c. Stock in Trade				
	i. Raw Materials		94,359,555		120,180,696
	ii. Finished Goods		81,275,378		46,946,593
	iii. Work-in-process		77,991,373		102,992,837
	TOTAL		294,213,786		302,157,471
9	SUNDRY DEBTORS (Sundry Debtors, Unsecured)				
	a. Debts outstanding for a period exceeding six months				
	Considered Good	22,192,980		37,057,561	
	Considered Doubtful	8,296,097		2,483,498	
		30,489,077		39,541,059	
	Less: Provision for doubtful debts	8,296,097		2,483,498	
			22,192,980		37,057,561
	b. Other Debts - Considered good		433,526,680		419,139,707
	TOTAL		455,719,660		456,197,268
10	CASH & BANK BALANCES				
	A. Cash on hand		253,120		430,055
	B. At Scheduled Banks in:				
	a. Current Accounts		50,676,483		37,884,136
	b. Fixed Deposits		96,777,015		54,978,069
	c. Towards unclaimed dividends		5,326,137		5,285,015
	TOTAL		153,032,755		98,577,275

S SCHEDULES TO BALANCE SHEET

Sch. No.	Particulars	As at 31.03.2003		As at 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
11	LOANS, ADVANCES & DEPOSITS (Unsecured and considered good)				
	a. Advances recoverable in cash or in kind, for value to be received		8,375,723		7,245,362
	b. Advance for purchases		4,579,156		30,399,282
	c. Deposits Recoverable		17,777,299		18,247,180
	d. Excise Duty paid in advance		21,401,643		34,107,054
	e. Income Tax paid in Advance		240,695,583		222,408,511
	f. Income Tax Deducted at Source		25,319,192		24,115,973
	g. Wealth Tax paid in Advance		229,291		186,010
	TOTAL		318,377,887		336,709,372
12	OTHER CURRENT ASSETS				
	a. Interest Accrued		5,787,632		9,203,392
	b. Pre-paid Expenses		33,485		875,322
	TOTAL		5,821,117		10,078,714
13	CURRENT LIABILITIES & PROVISIONS				
	A. Current Liabilities				
	a. Sundry Creditors:				
	(i) Dues to Small Scale Units (Refer Note No.20)	346,129		167,156	
	(ii) Others (includes Rs. 7,935,542/- [Previous year Rs. 22,598,305/-] commission due to Managing & Whole Time Directors)	172,501,205		184,300,947	
			172,847,334		184,468,103
	b. Advance from Customers		3,263,469		3,107,805
	c. Outstanding Liabilities		22,484,529		14,207,918
	d. Sales Tax Payable		18,149,605		43,810,284
	e. Investor Education & Protection Fund shall be credited by the following: Unclaimed Dividend		5,326,137		5,284,855
	TOTAL		222,071,074		250,878,965
	B. Provisions				
	a. Income Tax		274,037,140		245,537,140
	b. Wealth Tax		287,738		224,980
	c. Leave Encashment		6,385,833		6,229,957
	d. Proposed Dividend		17,081,250		39,856,250
	e. Dividend Tax		2,188,535		-
	f. Warranty Expenses		1,860,548		4,133,601
	TOTAL		301,841,044		295,981,928
14	Misc. Expenditure to the extent not written off or adjusted				
	Balance as per last Balance Sheet	109,023,137		66,446,358	
	Add: Incurred during the year	95,351,366		96,274,741	
			204,374,503		162,721,099
	Less: Written off during the year		102,187,252		53,697,962
	Balance carried forward		102,187,251		109,023,137

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 200

3

Sch. No.	Particulars	Year ended 31.03.2003		Year ended 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
15	OTHER INCOME				
	a. Scrap Sales		11,342,657		8,228,172
	b. Interest Received [TDS: Rs. 522,543/-; Previous year: Rs. 5,807,669]		5,466,745		22,401,196
	c. Dividend Received [TDS: Rs. 501,984/- Previous year: Nil]		4,780,791		9,385,074
	d. Claims Received		1,231,146		783,940
	e. Miscellaneous Income		305,323		505,486
	f. Keyman insurance maturity proceeds		-		14,250,000
	g. Bad debts Recovered		-		44,828
	h. Profit on sale of Fixed Assets		447,601		-
	i. Credit balances written back		2,923,140		3,543,371
	j. Excess provision for Diminution in the value of investments credited back		1,222,409		359,652
	k. Excess provision credited back		2,121,072		-
	TOTAL		29,840,884		59,501,719
16	(INCREASE) / DECREASE IN STOCKS				
	Closing Stock				
	a. Work-in-Process	77,991,373		102,992,837	
	b. Finished Goods	81,275,378		46,946,593	
			159,266,751		149,939,430
	Less: Opening Stock				
	a. Work-in-Process	102,992,837		65,379,745	
	b. Finished Goods	46,946,593		12,239,299	
			149,939,430		77,619,044
	(Increase)/Decrease in stocks		9,327,321		72,320,386
17	RAW MATERIALS CONSUMED				
	Opening Stock	120,180,696		83,524,768	
	Add: Purchases	764,473,300		837,890,741	
			884,653,996		921,415,509
	Less: Closing Stock		94,359,555		120,180,696
	Consumption		790,294,441		801,234,813
18	PAYMENTS & BENEFITS TO EMPLOYEES				
	a. Salaries, Wages & Bonus		110,266,881		98,064,021
	b. Contribution to PF, Gratuity & Other Funds		19,752,914		17,044,033
	c. Workmen & Staff Welfare Expenses		25,038,485		22,145,130
	TOTAL		155,058,280		137,253,184
19	MANUFACTURING, SELLING, ADMINISTRATIVE AND OTHER EXPENSES				
	A. Manufacturing				
	a. Stores & Spares Consumed (Including Packing Material)		29,382,958		25,044,512
	b. Power & Fuel		36,450,559		44,952,505
	c. Insurance		5,749,499		5,031,065
	d. Repairs to				
	(i) Machinery		21,106,429		15,587,410
	(ii) Buildings		2,879,454		2,451,729
	(iii) Other Assets		565,670		2,499,083
	TOTAL- A		96,134,569		95,566,304



SCHEDULES TO PROFIT AND LOSS ACCOUNT

Sch. No.	Particulars	Year ended 31.03.2003		Year ended 31.03.2002	
		Rupees	Rupees	Rupees	Rupees
	B. Selling				
	a. Advertisement		9,101,976		277,125
	b. Freight Outwards		61,301,921		52,313,559
	c. Commission on sales		8,264,322		7,638,030
	d. Sales Expenses		23,117,622		19,832,086
	e. Royalty		7,826,120		5,525,861
	f. Warranty & Guarantee Costs		20,543,072		5,474,076
	TOTAL - B		130,155,033		91,060,737
	C. Administrative				
	a. Rent		15,528,529		11,955,811
	b. Directors' Sitting Fee		28,000		28,000
	c. Managerial Remuneration (Refer Note No. 14)		13,040,738		27,486,212
	d. Payments to Auditors (Refer Note No. 15)		542,600		454,000
	e. R & D Expenses		573,503		781,661
	f. Donations		2,050,891		2,170,000
	g. Loss on Sale of Assets		642,372		84,911
	h. Rates, Taxes & Licences		763,916		599,038
	i. Travelling Expenses		34,382,566		24,046,258
	j. Communication Expenses		10,937,621		11,951,148
	k. Miscellaneous Expenses		45,888,898		51,066,911
	TOTAL - C		124,379,634		130,623,950
	D. Other Expenses				
	a. Provision for doubtful debts		5,812,599		2,483,498
	b. Bad debts & Irrecoverable Advances written off		3,892,955		-
	c. Deferred Revenue Expenses Written off		102,187,252		53,697,962
	d. Prior Period Expenses		544,061		-
	TOTAL - D		112,436,867		56,181,460
	TOTAL (A+B+C+D)		463,106,103		373,432,451
20	DUTIES & TAXES (Excluding Income Tax)				
	a. Rates and Taxes		117,364,680		120,318,313
	b. Excise Duty		262,577,199		243,700,031
	TOTAL		379,941,879		364,018,344
21	INTEREST PAID				
	On Working Capital Facilities		3,777,813		6,670,646
	TOTAL		3,777,813		6,670,646

STATEMENT ON ACCOUNTING POLICIES

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STATEMENT ON ACCOUNTING POLICIES

1. GENERAL:

Financial statements are prepared under historical cost convention and in accordance with generally accepted accounting practices.

2. FIXED ASSETS:

Fixed Assets are stated at cost net of MODVAT, less accumulated depreciation. Cost of acquisition of Fixed Assets is inclusive of freight, duties and taxes, interest, if any, on specific borrowings utilised for financing the assets upto the date of commissioning, the cost of installation/erection, and other incidental expenses. Additional liability on account of foreign exchange fluctuations on loans obtained for purchase of imported equipment is capitalised as and when the liability crystallises.

3. DEPRECIATION:

Depreciation is provided in accordance with the rates and rules prescribed under Schedule - XIV to the Companies Act, 1956, under straight-line method.

4. INVESTMENTS:

Long term investments are stated at cost less provision required, if any, for the permanent diminution in value thereof. Dividends thereon are accounted as and when received.

5. INVENTORIES:

- a. Finished goods are valued at lower of cost or market value.
- b. Work in process, Raw materials, Stores and Spares, Materials in transit etc., is valued at cost.
- c. Stock of scrap is valued at an estimated net realisable value.

6. SALES:

Sales are inclusive of Excise Duty, Sales tax, freight, insurance, service charges etc., recovered thereon.

7. RETIREMENT BENEFITS:

- a) All employees of the Company are entitled to retirement benefits of Provident Fund and Gratuity. Membership to Superannuation Scheme is optional.
- b) Contributions to Provident Fund are accounted for at the prescribed rates every month on accrual basis. Contributions towards Gratuity and Superannuation are made on the basis of the demands raised by the Life Insurance Corporation of India and are charged to revenue accordingly.
- c) Encashment of leave by employees is permitted only on retirement or cessation of service. The liability towards leave encashment as on the date of Balance Sheet is provided for on accrual basis.

8. RESEARCH AND DEVELOPMENT EXPENSES:

Research and Development costs of revenue nature are charged to revenue when incurred. Expenditure of capital nature is capitalised and depreciation thereon is provided as per the rates prescribed in Schedule XIV to the Companies Act, 1956.

9. FOREIGN CURRENCY TRANSACTIONS:

- a) Export sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on actual receipt of proceeds in foreign exchange.
- b) Earnings in foreign currency other than export sales are accounted for at the rate of conversion on the date of realization.

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TATEMENT ON ACCOUNTING POLICIES

- c) Imports of Material/Capital Equipment are accounted at the rates at which the actual payments are made.
- d) Assets and Liabilities arising out of foreign exchange transactions are translated at the rates of exchange ruling on the date of Balance Sheet and are suitably adjusted to the appropriate Revenue/Capital account.

10. WARRANTY CLAIMS:

Company's liability for warranty claims is charged to revenue in the year in which the party claims it.

11. LATE DELIVERY CHARGES:

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

12. PRODUCT LAUNCHING/PROMOTION EXPENSES :

Expenses pertaining to new product launch/promotion are amortised over subsequent years on the basis of benefits estimated in each year.

13. TAXATION:

Provision is made for Income-tax liability estimated to arise on the results for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

14. DIVIDENDS:

Provision is made in the accounts for the dividends payable by the Company as recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting. Income Tax on dividends payable is provided for in the year to which such dividends relate.

NOTES FORMING PART OF THE ACCOUNT

1. a) The Company's land and building, plant and machinery, equipment, vehicles both present and future have been placed as security under a pari passu charge for the term loans obtained by the Company from IDBI, IFCI, ICICI, State Bank of India, Andhra Bank and IREDA. Some of the said loans have been repaid in full but the satisfaction of charges created in respect thereof remains to be obtained pending certain technical formalities. Further these loans are guaranteed by promoter directors in their personal capacities.
- b) Working capital facilities from banks are secured by way of hypothecation of work-in-process, finished goods, raw materials, all stocks of stores, bills receivables, book debts and by second charge on fixed assets of the Company on a paripasu basis among the participating consortium banks. Further the above loans are personally guaranteed by the Chairman and Managing Director, Executive Director and a Director to the extent of Rs.2732 lakhs.
2. During the year 1991-92 the interest due on term loans from financial institutions viz. IDBI, IFCI and ICICI were funded with an option to convert a part of such funded interest not exceeding Rs.26.30 lakhs into fully paid up equity shares of the Company before 31-12-96. The Company cleared the funded interest loans by 31-03-95. However, the IFCI filed a petition in a court of law demanding conversion of loan in to equity shares, which has been disputed by the Company and is pending disposal by the court. No provision has been made in the accounts for the disputed amount of Rs 1,99,203/- towards interest demanded.
3. Sales Tax Deferment liability shown under Unsecured Loans represents the Sales Tax payable by the Company, treated as Interest Free Loan by Andhra Pradesh State Government to be repaid without interest after 14 years from the date of liability. The Company has availed this deferment scheme on its expanded capacity since 1997-98. The amount of such deferment by the Company from 2000-2001 till date of Rs. 5,29,77,996/- is subject to the final assessment orders by the Sales Tax Authorities.
4. In the Income Tax assessments in respect of the assessment years 1998-99 and 2000-2001, the assessing authorities made certain adjustments and raised demands for Rs.102.66 lakhs, which is contested by the Company. Pending disposal of the appeals, no provision is made in the accounts.

5. CAPACITY AND PRODUCTION

Particulars	Qty.	31.03.2003	31.03.2002
Storage batteries			
Licensed Capacity	Nos.	1,275,000	1,275,000
Installed Capacity	Nos.	1,125,000	725,000
Actual Production	Nos.	735,754	604,949

NOTE: The installed capacity is as estimated and certified by the management.

6. TURNOVER (Including Excise Duty)

Particulars	31.03.2003		31.03.2002	
	Qty. (Nos.)	Value (Rs. in millions)	Qty. (Nos.)	Value (Rs. in millions)
Storage batteries	709,957	1987.35	580,369	1882.20

NOTE: The above includes Nos. 17,822 (521) Batteries issued as replacements, samples etc.

7. OPENING AND CLOSING STOCK OF FINISHED GOODS

Particulars	31.03.2003		31.03.2002	
	Qty. (Nos.)	Value (Rs. in millions)	Qty. (Nos.)	Value (Rs. in millions)
Opening Stock	33,438	46.95	8,858	12.24
Closing Stock	59,235	81.28	33,438	46.95

NOTES FORMING PART OF THE ACCOUNTS

8. CONSUMPTION OF RAW MATERIAL

Particulars	Unit	31.03.2003		31.03.2002	
		Qty.	Value (Rs. in millions)	Qty.	Value (Rs. in millions)
Lead	Kgs	5926189	199.60	5283606	199.23
Lead Alloys	Kgs	5124728	208.61	4569267	208.32
Separator	Kgs	190688	86.15	189815	90.89
Separator	Sq. Mtrs.	531908	25.24	374792	17.27
Miscellaneous			270.69	-	285.52
Total			790.29		801.23

9. VALUE OF IMPORTS MADE DURING THE YEAR BY THE COMPANY CALCULATED ON CIF BASIS

Particulars	31.03.2003 (Rs. in millions)	31.03.2002 (Rs. in millions)
Capital Goods	25.74	146.11
Raw Material & Components	508.45	363.27
Stores & Spares	6.77	2.50
Total	540.96	511.88

10. COMPARISON BETWEEN CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES DURING THE YEAR

i. Raw Materials

Particulars	31.03.2003		31.03.2002	
	Value (Rs. in millions)	%	Value (Rs. in millions)	%
Imported	540.80	68.17	482.90	60.27
Indigenous	249.49	31.83	318.33	39.73
Total	790.29	100.00	801.23	100.00

ii. Stores and Spares Consumed (Charged to appropriate head)

Particulars	31.03.2003		31.03.2002	
	Value (Rs. in million)	%	Value (Rs. in million)	%
Imported	2.52	8.58	1.83	7.31
Indigenous	26.86	91.42	23.21	92.69
Total	29.38	100.00	25.04	100.00

NOTES FORMING PART OF THE ACCOUNT

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11. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR

Particulars	31.03.2003 (Rs. in million)	31.03.2002 (Rs. in million)
Royalty	7.82	5.53
Foreign Travel Expenses (Exclusive of tickets purchased)	7.58	2.85
Others	0.85	0.45
Total	16.25	8.83

12. REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

Year	No. of non-resident Shareholders	No. of Shares	Amount of Dividend (Rs. in million)
2002-03	39	3,724,414	11.93
2001-02	31	3,725,964	11.36

13. EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR

Particulars	31.03.2003 (Rs. in million)	31.03.2002 (Rs. in million)
i. Sales	44.80	6.57
ii. Others	–	0.32
Total	44.80	6.89

14. i. Computation of net profits in accordance with Section 349 of the Companies Act, 1956 (Amount in Rupees)

Particulars	Amount
Net profit as per Profit & Loss A/c	117,338,638
Add: Sitting Fees	28,000
Managerial Remuneration	13,040,738
Profit as per Section 349	130,407,376
Remuneration to Chairman & Managing Director @ 5%	6,520,369
Remuneration to Executive Director @ 5%	6,520,369

ii. Details of remuneration to Chairman & Managing Director and Executive Director (Amount in Rupees)

Particulars	31.03.2003		31.03.2002	
	CMD	ED	CMD	ED
Salary	2,400,000	1,800,000	2,400,000	1,800,000
Contribution to PF, Gratuity & other Funds	–	279,360	–	279,000
Other perquisites	19,086	606,750	208,907	200,000
Commission	4,101,283	3,834,259	11,134,199	11,464,106
Total	6,520,369	6,520,369	13,743,106	13,743,106

NOTES FORMING PART OF THE ACCOUNTS

15. PAYMENTS TO AUDITORS

(Amount in Rupees)

Particulars	31.03.2003	31.03.2002
Statutory Audit	324,000	262,500
Taxation Matters (including Tax Audit)	32,400	31,500
Sales tax audit	21,600	20,000
For certification	64,800	63,000
Reimbursement of out-of-pocket expenses	10,000	10,000
Cost Audit	64,800	42,000
Cost Audit out-of-pocket expenses	25,000	25,000
Total	542,600	454,000

16. CONTINGENT LIABILITIES

(Rupees in million)

Particulars	31.03.2003	31.03.2002
a. Counter guarantees given to banks in respect of Bank Guarantees issued in favour of various constituents	88.73	85.91
b. Letters of credit opened with banks	28.78	15.22
c. Claims against the Company not acknowledged as debts	NIL	0.04
d. Contracts to be executed on capital accounts, not provided for	8.33	12.83

17. Fixed Deposits under Cash and Bank balances include:

Rs. 1,40,000/- (Rs.1,40,000/-) Lodged as security with various authorities.

Rs. 2,66,37,015/- (Rs.5,48,38,069/-) Towards margin money deposits.

18. Sundry debtors include trade receivables due from companies in which the Directors are interested:

Amara Raja Power Systems Private Limited Rs. 3,07,97,008/- (Rs. NIL)

Maximum balance Rs. 3,07,97,008/- (Rs. 7,784,126)

19. For promoting the sales of SLI batteries, the Company incurred a substantial expenditure during the year. This expenditure together with expenditure incurred for product launching in the previous years has been treated as Deferred Revenue Expenditure, to be written off over a period of five years of which two years are remaining including the current year.

20. DUES TO SMALL SCALE UNITS OUTSTANDING FOR MORE THAN 30 DAYS AT THE DATE OF THE BALANCE SHEET COMPRISE THE FOLLOWING:

Particulars	Amount (in Rupees)
Jayakanth Rubber Products	226,616
Naths Acids	119,513
Total	346,129

21. 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 does not arise.

NOTES FORMING PART OF THE ACCOUNT

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22. RELATED PARTY TRANSACTIONS:

Disclosure of Particulars pursuant to "Accounting Standard -18 Related party transactions"

a. List of related parties:

Key Management Personnel	Mr. Ramachandra N Galla Mr. Jayadev Galla
Relatives of Key Management Personnel	Mrs. Amara Kumari Galla, W/o. Mr. Ramachandra N Galla and mother of Mr. Jayadev Galla and Director of the Company. Mrs. G. Padmavathi, W/o. Mr. Jayadev Galla Dr. G Ramadevi, D/o. Mr. Ramachandra N. Galla and sister of Mr. Jayadev Galla.
Enterprise in which Key Management Personnel and/or their relatives have significant influence:	Amara Raja Power Systems Private Limited Amara Raja Electronics Private Limited Mangal Precision Products Private Limited Harsha Electronics Private Limited Rajanna Trust
Enterprise with substantial interest:	Johnson Controls Inc., USA

b. Transactions with the related parties

Particulars	Key management personnel	Relatives of key management personnel	Enterprises/ Trusts in which management personnel and/or their relatives have significant influence	Enterprise with substantial interest
	Rs.	Rs.	Rs.	Rs.
Transactions during the year				
Remuneration paid	13,040,738	-	-	-
Sitting fee paid	-	4,000	-	-
Dividends paid	5,977,315	3,338,510	726,950	10,362,625
Rents paid	7,270,766	4,401,583	-	-
Sale of goods	-	-	46,925,611	3,565,848
Services rendered	-	-	14,014,841	-
Purchase of goods	-	-	5,596,536	68,728
Purchase of capital items	-	-	2,095,685	-
Service charges paid	-	-	56,899,675	-
Donations paid	-	-	1,627,000	-
Balances as at 31-03-2003				
Share capital held by	17,078,040	9,538,600	2,077,000	29,607,500
Remuneration payable	7,935,542	-	-	-
Royalty payable	-	-	-	7,826,120
Payables – Trade dues	-	-	103,480	-
Receivables – Trade dues	-	-	30,797,008	-
Deposits receivable	3,515,000	1,757,500	-	-

N O T E S F O R M I N G P A R T O F T H E A C C O U N T S

23. MAJOR COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES AS AT 31.03.2003 ARISING ON ACCOUNT OF TIMING DIFFERENCES ARE:

Particulars	Assets (Rupees)	Liabilities (Rupees)
Depreciation		143,047,286
Amounts disallowed U/s.43B of the IT Act & Others	3,982,960	
Deferred Revenue Expenditure		36,409,072
Total	3,982,960	179,456,358

Net deferred tax liability as on 31 March 2003 Rs. 175,473,398/-

24. The balances in various personal accounts are subject to confirmation by and reconciliation with the concerned parties.
25. In the opinion of Board of Directors the current assets, loans and advances are expected to realise approximately the value stated in the accounts, in the ordinary course of business.
26. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.
27. Figures have been rounded off to the nearest thousands and rupees where it is mentioned in Million and amount in Rupees, respectively.

as per our report of even date attached
for E. PHALGUNA KUMAR & CO.
Chartered Accountants
E. Phalguna Kumar
Partner

for and on behalf of the Board
Ramachandra N. Galla
Chairman & Managing Director

Gopal Mahadevan
Chief Financial Officer

for CHEVUTURI ASSOCIATES
Chartered Accountants
S. Satyanarayana Murthy
Partner

Jayadev Galla
Executive Director

P. Varadarajan
Company Secretary

Place : Chennai
Date : 20 June 2003

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 200

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Particulars	2002 - 2003		2001 - 2002	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
As per Profit & Loss Account Before Taxation and Extraordinary items		117,338,638		247,347,904
Add / Less: Adjustments for:				
a. Depreciation	117,000,528		84,062,017	
b. Interest Paid	3,777,813		6,670,646	
c. Dividends received	-4,780,791		-9,385,074	
d. Interest Received	-5,466,745		-22,401,196	
e. Profit on Sale of Assets	-447,601		-	
f. Loss on Sale of Assets	642,372		84,911	
g. Provision for Leave Encashment	155,876		1,204,437	
h. Increase in value of investments	-1,222,409		-359,652	
i. Deferred Revenue Expenditure charged off	102,187,252		53,697,962	
j. Keyman Insurance maturity proceeds received	-		-14,250,000	
k. Provision for warranty expenses	-2,273,053		4,133,601	
		209,573,242		103,457,652
Operating Profit Before Working Capital Changes		326,911,880		350,805,556
Add/Less: Adjustments for working capital:				
a. Decrease/(Increase) in Inventories	7,943,685		-126,072,438	
b. Decrease/(Increase) in Sundry Debtors	477,607		-91,519,372	
c. Decrease in Loans and Advances	37,821,776			
d. Decrease in Other Current Assets	841,838		12,345,938	
e. Increase/(Decrease) in Trade Payables	-28,807,891		75,350,713	
f. Increase in Misc. Expenditure (Assets)	-95,351,366		-96,274,741	
		-73,658,592		-44,492,061
Cash generated from operations		253,253,289		306,313,495
Less: i. Interest paid	3,777,813		6,670,646	
ii. Income Tax paid	19,490,291		18,649,458	
		23,268,104		25,320,104
Cash Flow before Extraordinary Items		226,569,425		280,993,391
NET CASH FROM OPERATING ACTIVITIES - A		226,569,425		280,993,391
B. CASH FLOW FROM INVESTING ACTIVITIES				
a. Purchase of Fixed Assets	-111,963,781		-433,862,751	
b. Decrease in Capital Work-in-progress	475,859		1,002,317	
c. Acquisition of investments	-12,000		-20,000	
d. Dividends received	4,780,791		9,385,074	
d. Interest Received	8,882,505		22,401,196	
e. Extraordinary item (Keyman Insurance)	-		14,250,000	
f. Sale of Fixed Assets	1,889,481		156,708	
NET CASH USED IN INVESTING ACTIVITIES - B		-95,947,145		-386,687,456

CASH FLOW STATEMENT

Particulars	2002 - 2003		2001 - 2002	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
a. Issue of Shares	-		-	
b. Share Premium	-		-	
c. Borrowings	-36,310,550		-65,545,069	
d. Dividend paid	-39,856,250		-36,651,305	
e. Dividend Tax paid	-		-3,738,433	
NET CASH USED IN FINANCING ACTIVITIES - C		-76,166,800		-105,934,807
NET INCREASE IN CASH OR CASH EQUIVALENT (A+B+C)		54,455,480		-211,628,872
Opening Cash and Bank Balances		98,577,275		310,206,147
Add: Net increase in Cash or Cash Equivalent		54,455,480		-211,628,872
CLOSING CASH AND BANK BALANCES		153,032,755		98,577,275

for and on behalf of the Board
Ramachandra N. Galla
 Chairman & Managing Director

Jayadev Galla
 Executive Director

Gopal Mahadevan
 Chief Financial Officer

P. Varadarajan
 Company Secretary

Place : Chennai
 Date : 20 June 2003

AUDITORS' CERTIFICATE

To
 The Board of Directors
 Amara Raja Batteries Limited

We have examined the attached Cash Flow Statement of Amara Raja Batteries Limited, Tirupati, for the year ended 31 March 2003. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 20 June 2003 to the members of the Company.

for E. PHALGUNA KUMAR & CO.
 Chartered Accountants
 E. Phalguna Kumar
 Partner

for CHEVUTURI ASSOCIATES
 Chartered Accountants
 S. Satyanarayana Murthy
 Partner

Place: Chennai
 Date : 20 June 2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFIL

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I. Registration Details

(i) Registration No.	:	0 1 5 3 0 5
(ii) State Code	:	0 1
(iii) Balance Sheet Date	:	3 1 0 3 2 0 0 3

II. Capital raised during the year (Amount Rs. in thousands)

(i) Public Issue	:	N i l
(ii) Bonus Issue	:	N i l
(iii) Rights Issue	:	N i l
(iv) Private Placement	:	N i l

III. Position of mobilisation and deployment of funds (Amount Rs. in thousands)

(i) Total Liabilities	:	2 0 2 4 1 3 2
(ii) Total Assets	:	2 0 2 4 1 3 2

Sources of Funds

(i) Paid-up Capital	:	1 1 3 8 7 5
(ii) Reserves & Surplus	:	1 6 3 7 4 1 5
(iii) Secured Loans	:	1 0 7 0 0
(iv) Unsecured Loans	:	8 6 6 6 9
(v) Deferred Tax Liability	:	1 7 5 4 7 3

Application of Funds

(i) Net Fixed Assets	:	1 0 8 7 1 1 9
(ii) Investments	:	1 3 1 5 7 3
(iii) Net Current Assets	:	7 0 3 2 5 3
(iv) Misc. Exps. to the extent not writtenoff	:	1 0 2 1 8 7

IV. Performance of the Company

(i) Turnover including other income	:	2 0 1 7 1 9 0
(ii) Total Expenditure	:	1 8 9 9 8 5 1
(iii) Profit before Tax	:	1 1 7 3 3 9
(iv) Profit after Tax	:	7 4 0 0 8
(v) Earning per share in Rs.	:	6 . 5
(vi) Dividend Rate in %	:	1 5

V. Generic names of three principal products/services of the Company (as per monetary terms)

(i) Item Code (ITC Code)	:	8 5 0 7 2 0 . 0 0
Product Description	:	Storage Batteries - Maintenance Free Valve Regulated Lead Acid (MF-VRLA) Batteries
(ii) Item Code (ITC Code)	:	8 5 0 7 1 0 . 0 0
Product Description	:	Lead Acid Storage Batteries used for Starting Piston Engines



PROXY FORM AND ATTENDANCE SLIP



Amara Raja Batteries Limited

Registered Office: Renigunta - Cuddappah Road, Karakambadi, Tirupati 517 520.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting hall

Name of the attending Member (in Block letters):

.....

Member's Folio / Account Number:

Name of the Proxy (in Block letters):

.....

(To be filled in if the Proxy attends instead of the Member)

Number of Shares held:

I hereby record my presence at the **Eighteenth Annual General Meeting** at the **Registered Office of the Company** at Renigunta - Cudappah Road, Karakambadi, Tirupati - 517 520 at **3 PM on Thursday 31 July, 2003.**

.....

Member's / Proxy's Signature

Note: The copy of the Annual Report may please be brought to the meeting hall.

For Office Use:

Member's Folio/Account No. _____

Amara Raja Batteries Limited

Registered Office: Renigunta - Cuddappah Road, Karakambadi, Tirupati 517 520.

PROXY FORM

I / We of

.....

being a member / members of the above named Company, hereby appoint

..... of

..... or

failing him / her of

..... as my

/ our proxy to vote for me / us on my / our behalf at the **Eighteenth**

Annual General Meeting of the Company to be held at **3 PM** on

Thursday, 31 July 2003 and at any adjournment thereof.

Signed

Revenue
Stamp
Re. 1/-

Date

Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.

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B OARD OF DIRECTORS

Mr. Ramachandra N. Galla
Chairman & Managing Director

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

Mrs. Amara Kumari Galla

Mr. P. Lakshmana Rao

Mr. John P. Kennedy
Alternate Director: Ms. Manjula Chawla

Mr. Raymond J. Brown

Mr. Mark L. Koczela
Alternate Director: Mr. Patrick Nettesheim

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.

