

29/09/2014

Dear Mr Arun

This has reference to your email addressed to Mr Jayadev Galla, our Vice Chairman and Managing Director, seeking clarifications on the Special Resolution passed by the Members through Postal Ballot, according approval for leasing 62 acres of Land by the Company from Amara Raja Infra Pvt Limited a related party. We thank you for the views expressed therein and appreciate your concerns.

At the outset we would like to inform you that Amara Raja Batteries Limited had leased 60 Acres of Undeveloped Land from ARIPL during August 2012 and subsequently 40 acres in the year 2013. As the land was undeveloped, the terms of lease entered into provided for lease rent separately and the development charges separately payable in a phased manner based on the developments. The lease rent and development charges fixed was based on the then prevailing rates. However, post completion of the expansion projects a small piece of 12 acres was required to build certain amenities like hostel and canteen. The Board of Directors of the Company had suggested that having taken 100 acres of land on lease at a particular rate, the land needed, being a small piece, also be procured at the same terms and conditions. Though the land was fully developed with the entire infrastructure like water, power, sewerage, roads etc., ARIPL considered our request and agreed to lease 12 acres of land on the same rate as prevailing in the year 2012. In view of the requirement of the new Companies Act, the said resolution was placed for approval of the members in the AGM held on August 6, 2014.

In line with the philosophy of the Amara Raja group "Gotta be a better way" the Board of Directors had considered certain future plans for expansion of the business. As Land is a prerequisite for any business expansion plans, the Board of Directors had decided to lease 62 acres of land which is just adjacent to the existing facilities. Further in view of the announcement of the Government of Andhra Pradesh to make Tirupati/Chittoor district a IT hub, the land cost in and around Chittoor district had sky rocketed in the recent past.

In order to ensure that adequate land is available to cater to the requirements of your Company's proposed expansion plans, under consideration of the Board, decided to lease 62 acres of land. The Company, in order to ascertain the market price, had appointed a multinational real estate consultancy firm to seek a valuation report for the price to be paid for the lease of land. The consultancy firm in its report valued the land at Rs 71 lakhs per acre. Your Company had negotiated with ARIPL and brought the price per acre to Rs. 65 lakhs, payable upfront. As stated earlier, the land being fully developed with the required infrastructure the entire sum has to be paid upfront as per the prevailing norms as generally followed.

From the foregoing, you will appreciate the fact that the rates have not gone up just within a period of one and half months but over a period of 2 years. Also the development works have almost been completed and your Company now has the advantage of leasing a developed land which is adjacent to the existing facilities at a price lesser than the prevailing market price and this would help facilitate immediate implementation of the plans as and when decided by the Board.

Your Company, over the period, has been constantly looking for creating value to the stakeholders, will strive to grow the business in the coming years, of course all with the support of shareholders like yourself. Trust, we have clarified your concerns and should you have any further queries, you may feel free to contact us and we would be glad to provide clarifications.

We also take this opportunity to wish you and your family a very happy Dushera and Diwali.

Thanking you

Yours faithfully

For Amara Raja Batteries Limited



Company Secretary