November 08, 2026

National Stock Exchange of India Limited
Listing Compliance Department
"Exchange Plaza"
Bandra – Kurla Complex
Bandra East, Mumbai – 400 051
NSE Symbol: ARE&M

BSE Limited
Corporate Relations Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001
BSE SCRIP CODE: 500008

Dear Sir / Madam,

Sub: Transcript of Earnings Call - Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to our letter dated October 26, 2026, the transcript of the Earnings call held on November 03, 2026, is enclosed herewith and the same is also available on the website of the Company at:
https://www.amararajaeandm.com/investors/Earnings-calls

We request you to take the same on record.

Thank you

Yours faithfully
For Amara Raja Energy & Mobility Limited

VIKAS SABHARWAL
Digitally signed by VIKAS SABHARWAL
Date: 2026.11.08 11:21:29 +05'30'

Vikas Sabharwal
Company Secretary
& General Counsel

Amara Raja Energy & Mobility Limited

Encl: a/a

“Amara Raja Energy and Mobility Limited

Q2 FY27 Earnings Conference Call”

November 03, 2026

MANAGEMENT: **MR. Y. DELLI BABU – CHIEF FINANCIAL OFFICER – AMARA RAJA ENERGY & MOBILITY LIMITED**
MS. SWAJITHA RAPETI – HEAD, CORPORATE FINANCE – AMARA RAJA ENERGY & MOBILITY LIMITED

MODERATOR: **MR. MUKESH SARAF – AVENDUS**

Moderator: Ladies and gentlemen, good day and welcome to Amara Raja Energy & Mobility Limited Q2 FY27 Earnings Conference Call hosted by Avendus. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mukesh Saraf from Avendus. Thank you, and over to you, sir.

Mukesh Saraf: Hi, good evening everyone, and thank you for joining the Q2 FY27 earnings conference call of Amara Raja Energy & Mobility Limited. On behalf of the management, we have with us today Mr. Y. Delli Babu, Chief Financial Officer, and Ms. Swajitha Rapeti, the Head of Corporate Finance.

Now I would like to hand over the call to the management for their opening remarks. Over to you.

Swajitha Rapeti: Yes, hi. Good evening everyone. Thanks for joining the call. This quarter ended September 30 2026, we have achieved a revenue of around INR4,108 crores on consolidated basis. With about 94% of the revenue coming from lead-acid business, which grew by around 18%.

The new energy business grew by more than 30%, recording a revenue of around INR232 crores. Our revenue growth has remained strong, driven by sustained volume momentum in both aftermarket and OEM segments. We continue to strengthen and deepen our market position in automotive and home energy sectors.

OEM segment continued to retain the volume growth momentum of around 17% in four-wheeler and more than 30% in two-wheeler on Y-o-Y basis. Domestic aftermarket volumes reflected a growth of around 6% in both four-wheeler and two-wheeler on Y-o-Y basis. Further, we also delivered growth of more than 50% in home energy business, both on tubular batteries and home UPS.

The trading revenue in the current quarter moderated to 10% of the lead-acid battery revenue. On the international revenues, we improved on a quarter-on-quarter basis, but on a Y-o-Y basis, we de-grew by around 20% owing to the volume drop in Middle East markets. We are expecting to recover these volumes in these markets in the subsequent quarters.

Lead-acid telecom volumes witnessed a one-time spike during the quarter of more than 30%, and lithium-ion telecom packs grew by around 15% on Y-o-Y basis. This one-off uptick in lead-acid volumes is due to delays in yearly lithium telecom pack volumes negotiations with the OEMs.

During the quarter, on a combined basis, we continue to maintain a market share of over 60%, and meanwhile, UPS volumes sustained modest volume growth of around 8%. New Energy business during the quarter continued to deliver robust performance with revenue supported by increased demand for telecom pack volumes, which grew by around 15% during the quarter on Y-o-Y basis. However, EV volumes faced some demand headwinds during the quarter, which is expected to recover in the coming months.

Further, we are happy to share that our ePositive Lab commenced operations on October 26, which will support the new energy business in its technology advancements. The board also approved our next phase of investment in prismatic cell gigafactory and pack assembly capacity with a total capex outlay of around INR2,320 crores, which is expected to be completed within next 30 months.

The cell gigafactory would be LFP-based with a capacity of around 5 gigawatt-hour, which would initially cater to stationary applications and later on for mobility applications. The pack capacity enhancement is done to cater to new pack opportunities which we are foreseeing for various storage & mobility applications.

The margins during Q1 on standalone EBITDA is around 10.1%. The margins are stable on quarter-on-quarter basis, but we were impacted on Y-o-Y basis. This is primarily due to elevated material cost and increased spending on our strategic initiatives, namely Amaron Assist and the Factory of the Future, and also a higher OEM mix contributed to the margin moderation to some extent.

As communicated in our earlier calls, we have launched Amaron Assist during Q1 FY27 in Hyderabad, a project which is focused on providing automotive services in B2C segment. Based on the pilot response and our future plans, Board has approved setting up a wholly owned subsidiary under the brand name Amaron Assist for carrying out this business.

We'll be scaling up this project to new locations gradually over the near future. This business would be having some cash burn in the initial period, which also had some impact in the Q2 margins. Further, we also increased our spending on improving our manufacturing excellence by way of capacity enhancement in our existing automotive plants, which also added to the moderation of margins.

Higher expenses on these strategic initiatives during the quarter led to margin moderation of around 1%. The other major aspect that led to the moderation in profitability is a significant increase in the procurement costs of alloys, sulfuric acid and poly. We took price hikes during Q1 FY27 to offset these cost pressures. However, acid and poly have further increased during Q2.

To absorb these costs, we again took a price increase of around 2% during Q2 FY27, which should help offset a portion of these cost pressures. Along with this Q2 price hike, till H1 of the current financial year, our cumulative price hike was around 5%. At a consolidated level, the margins were lowered by around 1.3% to 8.8% due to additional cost at our new energy business towards the product development and other fixed costs pertaining to our Giga-1 and BESS plans.

On the capex outlay during FY27, we estimate to spend around INR2,200 crores towards various capex projects, with major capex outlay in our new energy business, which is expected to be around INR1,600 crores. This INR1,600 crores includes the payment towards the earlier mentioned new cell and pack plans.

Out of the planned INR2,200 crores, we already spent INR800 crores in the first half of FY27, and out of this INR800 crores, INR500 crores is spent towards new energy business. We can now move on to Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, hi, good evening, sir. Firstly, I just wanted to check on both the market growth that you mentioned in aftermarket, 6%, that is in line with the industry, and it appears a little soft. So just wanting your color on that. And have we maintained market share in both two-wheeler and four-wheeler aftermarket? And also any pricing actions that you would have taken in Q3?

Swajitha Rapeti: With respect to the pricing actions, as I mentioned, we already took a price hike of around 2% in Q2. Q3, we are still monitoring the current raw material prices, how it is moving, and especially the acid and poly what we have mentioned, right? So we are still monitoring. As and when we feel that based on the competition pressures and we feel there is a need for further price hike, we may definitely go for an additional hike in the current quarter.

And with respect to the aftermarket, Yes, I think both on two-wheeler and four-wheeler, we have grown by around 6% to 7%, and we feel it is more or less in line with the industry standard. We don't find there is any specific reason why it is on a lower side. Even historically also, if you see, it is general market trend.

Y. Delli Babu: Yes, Kapil, one point just to add on to what Swajitha said. I think in fact we would have definitely gained market share as far as the two-wheeler market is concerned, and we have definitely maintained our market share position of close to 35% in the aftermarket in the four-wheeler.

And two-wheeler, we have clearly established our leadership presence, and then we have definitely gained market share, because two-wheeler growth rate is marginally higher than what we have grown in four-wheelers. That way there is no problem with respect to maintaining or even enhancing our market share.

Kapil Singh: Okay, great, sir. And sir, the second question was on the BESS business. Could you give us an idea in terms of utilization for that business? What kind of utilization to build in for FY28 or '29. Should we expect company can achieve 100% utilization by FY29? And also on the competitive intensity, what are you expecting there? What, will be the competitive intensity in that business given that some of the company's manufacturing solar cells, etcetera, and others are also looking to get into this business?

Y. Delli Babu: Yes, thanks. see, as far as BESS business is concerned, we are expecting to start now. Right now, the, acceptance steps on the machinery, have been completed, and we are expected to commence the trial runs in the month of December. And most likely, we may commence our

operations in January or February. So, this capacity ramp-up, as we are seeing demand signals not only in India but also in some of the abroad markets

If we are able to comply with some of the conditions over there, we see there is a potential to use at least -- if I were to look at my first phase capacity of 5 GWh, there is a possibility that 30% of the capacity I might be able to cater to some of the export markets as well.

So, the demand per se is not a constraint because as you know, the banking facilities that are currently operational in some of the states will slowly move into a compulsory storage that needs to be created at the grid level.

And in addition, we are seeing a reasonable amount of green shoots on the demand on the commercial and industrial scale also. So, I don't foresee a challenge with respect to utilization of the plant, but it's a question of ramping up and getting the solutions in place is something that we need to accomplish in the next two to three months.

If I were to project the demand, our expectation at this point of time is we may be able to use the entire 5 GWh capacity fully by FY29. In FY28, maybe it could be, 50% to 60% of that capacity is our estimate at this point of time. But as we keep progressing into it, I'll keep you posted if there is any change in those assumptions.

Kapil Singh: Also, on the competitive intensity?

Y. Delli Babu: As I mentioned, from a demand point of view, since we have various pockets where the demand could further raise than what it is already today. I don't see the existing capacities that are coming up in the country will be a serious challenge because the demand is going to far outweigh the supply. So that way I don't think because of competitive intensity there will not be any margin pressure per se.

I would see because, still 70% is going to be the cell which is again going to be an import. That way I don't see demand being less and therefore increasing the competitive intensity. I agree that there are players who have already announced some of these capacities, but I think there is enough demand for the capacities that are currently getting created.

Kapil Singh: Okay, thank you.

Y. Delli Babu: Furthermore as we move ahead, since we are trying to also backward integrate into cell manufacturing as well, that should actually help us, players like us, to play the long game. And I think this business will have a very sustained growth in the coming period.

Kapil Singh: Okay, great, sir. Thanks a lot. Best wishes for this new business. I'll come back in the queue.

Moderator: Thank you. The next question comes from the line of Krupashankar from Avendus. Please go ahead.

Krupashankar: Yes, thank you for the opportunity. So, my first question is on, slightly on a longer-term basis. Given that, you have seen a fairly robust aftermarket presence and this business is expected to

continue over the medium term, what would be a structural growth rate one can assume over the next five to six years on the lead acid as a whole?

And given the extent of transition what you're seeing in specific markets, like for example, from telecom to some of the other segments also getting on the lithium-ion bandwagon, including UPS. So how do you see the aftermarket growth trend across automotive and if at all, I better extend -- the UPS business? How do you think that will shape up over the medium term?

Y. Delli Babu: See, segment-wise if we were to look at it, for four-wheeler and two-wheeler aftermarket, there is no reason for me to believe that the growth rates are going to be anything less than what we are currently growing, roughly about 6% to 7% on the aftermarket business. two-wheeler even now is growing at a slightly higher rate.

Considering the EV penetration that we are seeing in the scooter segment, we may see, the growth in the aftermarket even on the two-wheeler maybe around 8% to 9%, since you are asking me to forecast it for next five years or so, because there is also headwinds that we are seeing, it might come in the near future in the OEM side also.

Taking all these things into account, I think a 6% to 8% kind of a growth number on the aftermarket business on both four-wheeler and two-wheeler is very much there on cards. And what is more important when I look at the lead acid side is the home UPS application and the lead-acid battery requirement on the home as such.

Even there will be some level of transition to the lithium as we move into better inverters getting built. But still, the home UPS market also will continue to grow, at least the way the power situation is evolving.

The current growth rate, while we have seen this year is because we have moved into manufacturing and there is a huge growth on both HUPS and the tubular batteries. I think a 10% kind of a growth rate cannot be ruled out as far as the home-related tubular batteries, both keeping in view of the solar possibilities as well as the storage possibilities.

Now, as far as telecom is concerned, clearly the migration to lithium is almost complete. Maybe we will see some demand for lead-acid in the next couple of years, but thereafter I think it will be a pure lithium play.

As far as UPS is concerned, on the data center side, yes, there is a reasonably good penetration of lithium that's happening, but there are still certain lead-acid technologies which are still relevant in the data center application.

But considering all other applications of UPS, I feel lead-acid UPS business can still grow around 6% to 7% in at least in the medium term. Now these are all the domestic scenarios that I have talked about. But international business is something that we have built a lot of capabilities around. We are facing headwinds around it, but there is a very good chance for us to bounce back in that segment.

And I wouldn't be surprised if we are able to grow at even beyond 15% once the current uncertainties around the geopolitics and the supply chain challenges that we are facing gets stabilized, I see that the international business has a reasonably good scope to grow.

So, putting all these things together, the lead-acid battery business as a whole, volume growth or revenue growth, whichever way you want to put it, anywhere around 8% to 10% cannot be ruled out. It is still going great, and OEM business, the SLI application for the OEMs is also another segment, obviously. So put all things together there is no reason for us to believe that we will not be growing anything less than 10% in the medium term.

Krupashankar: Got it. It's very clear. the second question was on the recycling plant which we are we are scaling up right now. I just wanted to get a sense around, while the inflationary environment, the benefits of that plant on the gross margins is not reflecting, would you be able to quantify what is the extent of gross margin expansion one can expect on a normalized basis over the next two years or so because of this plant?

Y. Delli Babu: The current environment is clearly not favoring the recycling business of lead, particularly in India, because some of the import of lead scrap that used to happen has kind of stopped because of the recent geopolitical issues. That's where the local RML prices have kind of sharply increased, and then that is making the local scrap prices jump up, and then which is where today the recyclers are not finding the raw material at the optimum cost.

So that's the reason why it is not getting reflected in our gross margin at this point of time. But as mentioned in the earlier calls, if we are able to improve our recovery percentage from the scrap batteries with the kind of investments what we have made, even by 3% to 4% than what we get from the other smelters, I think it should reflect in my gross margin roughly around 0.3% to 0.4% kind of an improvement in my material cost.

Krupashankar: Got it, sir. Those are my questions. I'll get back in the queue. Thank you.

Moderator: Thank you. The next question comes from the line of Rahul Kumar from Nuvama Wealth Management. Please go ahead.

Rahul Kumar: Yes, thank you for the opportunity, sir. my first question is on the EBITDA margin. I wanted to know what would be the sustainable levels, over the coming, quarters. Over the FY24 and FY26, it was at around 11% to 14% range, and currently we are at 10%. So how do we see the margins going ahead?

Y. Delli Babu: Yes, so as mentioned by Swajitha in the opening remarks, there is clearly a 1% number, that is attributable to some of these revenue expenditure that we are incurring towards the future. So we are already operating at an EBITDA margin of close to 11% if I adjust these two numbers, if I look at my raw material prices which currently I am not able to pass on, and also if I were to add the recycling piece to it, clearly there is a possibility of improving the margins by at least another 1.5% from here, provided I am able to get my international business back online.

Because a 20% de-growth on international business which is a very good margin business for me, is really hurting the overall bottom line. So if I get these costs under control, and even if I

were to pass on part of it to the aftermarket, I still have a large B2B business where the price negotiations will keep happening.

So if I can get these under control, I think there is clearly another 1.5% or so as a margin improvement possibility. So with that, once I have this the capacity throughput initiatives concluded by end of this financial year, and also if I get back my international business momentum, and also some of these highly inflated acid prices, poly prices, sulphur prices, then I think there is a very clear possibility of improving the margin by another 2% from my current levels. Our optimistic scenario is by improving it by another 2.5% from the current levels.

Rahul Kumar: Okay, thank you for the answer. My second question is on the lithium cells. Have you started supplies of sample NMC cells to the potential customers? And in future, when will LFP sample cell supplies start?

Y. Delli Babu: As far as NMC cells are concerned, we have done, in our CQP, close to 2,000 cells have been done as B-samples. They are currently going through our own internal testing, and once those test results are to our satisfaction, then I think we'll be handing over those samples to the OEMs. So potentially this could happen in the next couple of months. We will be giving it to the possible OEMs who will be seeking those.

And as far as the LFP is concerned, they are still under development and once we complete the A-sample level development, I think it will take some time, but I will not be able to give you a very clear timeline as to when we will give the LFP cells.

But the storage-related cells are something that we are confident of completing it by the time we start the second Giga-factory that we have now got the acceptance from the board. So once they are ready, I'll update you the detailed timelines, but giving a specific timeline at this point of time will not be possible.

Rahul Kumar: Okay, my last question is on the BESS part. Could you please indicate what would be the revenue and margin potential for this segment for FY28?

Y. Delli Babu: See, if we look at, per kilowatt-hour pricing anywhere between USD90 to USD100, then if I am able to fully use the capacity of 5 gigawatt-hour, you know the math, it could be a very sizable revenue. But from a margin point of view, when I look at it, because it's an assembly business, as mentioned in the earlier call, it might mimic our pack business, which could be anywhere around 6% to 7% at the operating level. But considering the low capex intensity of these assembly businesses, it should be ROCE accretive as far as these two businesses are concerned.

Rahul Kumar: Okay, thank you. That's all from my side. Thank you for answering my questions.

Moderator: Thank you. The next question comes from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes, thanks for the opportunity again, sir. Just one follow-up. When we compare the, BESS packs that are imported from China versus the local manufacturing, where, are we in terms of, cost?

Y. Delli Babu: See, at the container level, because 70% is again imported cells, we will clearly have that cost disadvantage of around 10% to 15%, for sure. I think that's where the initiatives like ALBM and other protection measures from the government is expected. So that should actually help this domestic supply chain.

But the point is, from China it is more easier to import cells and then do the entire other components locally. So that way it should not be such a big cost disadvantage when I look at only cells per se. So, considering their scale on all this, I think there could still be at a price disadvantage of 10% to 15%, I think, which can be mitigated with some level of government support.

Kapil Singh: Okay, okay, understood, sir. And sir, is there, is there a plan where we can use the existing facilities, for example, for, telecom or for two-wheelers, for the lead-acid business, at some point in future, there is a possibility that, some of these may start getting underutilized. So what is the plan over there? Any alternative options we have for this?

Y. Delli Babu: See, I don't see the four-wheeler, two-wheeler, and the tubular or even MVRLA facilities getting underutilized, at least for next five to six years, very clearly, because today, I'm actually running almost at, 95% to 100% capacity on my two-wheeler, and IC engine two-wheelers are not going anywhere.

So that's the reason instead of putting up a new plant, we are spending this money to see how else we can improve the throughput from the existing plants. And on the four-wheeler, with the current lower demand from my international business, I am already using it close 80% to 85%. So that way there is very clear headroom available for me on the four-wheeler.

So I don't see there is any possibility of complete underutilization of any of these plants. At the minimum, I mean, if I were to take a very, very conservative scenario, six to seven years is something that we will not see any kind of reduction in the capacity utilization of, lead-acid. Maybe we may have to debottleneck some of the lines, and there is possibility of adding one or two lines in four-wheeler, but that I don't see a scenario.

Okay, now after seven years, what can those facilities be used? But from a manufacturing lines point of view, they are not currently fungible with the lithium manufacturing, or for that matter sodium manufacturing, if at all that comes up.

So there could be other chemistries which might evolve over a period of time which may be amenable in the same lead-acid kind of manufacturing. But right now, knowing what I know, either lithium or sodium are not going to be, we will not be able to use the same lines.

But the space, obviously there are multiple other business opportunities that will evolve over a period of time. So that way, I think if and when that happens, maybe six years, seven years, or even 10 years later, we can think about what to do with those buildings.

Kapil Singh: Understood. And so just as example, for the telecom lead-acid facilities, what have we been, what, have we done with those facilities? Have we been able to repurpose those?

Y. Delli Babu: Yes, as, that's one of our, the first facility that we have put up. Still, we are running about, 30 million Ah per month capacity. Of lead-acid in those lines. So there are certain smaller applications where the LVRLA is currently being sold. As, even in the current quarter we had a spike in this one.

But that facility is again getting repurposed because it's one of the smallest facilities that we had. That will be used for, let's say, for expanding any of our other smaller batteries that we produce in other plants. Like for example, we do our grid making in a given plant.

We can have those continuous plate making processes in those plants. Thereby that can still be used for productive usage of producing lead acid batteries. So that way there is no challenge per se at this point of time of usage of that space per se.

Kapil Singh: Okay, thank you. Thank you so much.

Moderator: Thank you. The next question comes from the line of Meet Doshi from Professional Capital. Please go ahead.

Meet Doshi: Hello, thank you for giving me the opportunity. Sir, it is good that we are investing a huge amount in the capex cycle. So my question is related to like, we are constantly in the downtrend in terms of ROE and ROCE due to the capex investment. So I want to know that where we are going to stop our new investment in future, like let's say '26, 2027, or when? And from when we are going to again restart our journey towards upward side in terms of ROE and ROCE? And how much we are expecting with full utilization of all the equipment facilities?

Y. Delli Babu: Yes, see, from an ROCE point of view, you are right. There is a downward trajectory, particularly by the fact that we have invested close to INR2,100 crores so far in the subsidiary and also about INR700 crores on our recycling facilities.

See, the improvement in the ROCE, at this point of time will at least take another two to three years kind of a time frame once we see the cell capacity ramp-up happening. Because as I mentioned in the earlier calls, the optimum profitability ratios on the new energy business can be accomplished when we actually hit a scale of about at least 8 to 10 GWh.

So with all the new investments that we are proposing, once we ramp up the production, for example, the next capacity of cell we are looking at 5 and the NMC will be at 7. So, if we are able to ramp it up to that level in the next two to three years, I am sure that will pave a very good platform for us to really improve, not only the return ratios but also on the overall opportunity size that we'll be capable to actually attack.

So this is a long-term investment that we are making into this business because EVs are here to stay, and then the lithium opportunity is something that is very big compared to the current SLI battery market what we are currently operating in. So while, we definitely keep an eye on what's the return possibilities, what's the IRRs that we are expecting in these lines of businesses.

But considering the nascent stage that they are in and the size of the opportunity that we are pursuing, we may have to give some level of patient time for these businesses to start resulting in higher returns.

So given the nature of the business, our optimistic estimate today is maybe three years down the line, we should really see a good platform from where we can improve our profitability and return ratios. But until that time, we need to really build the required capabilities for us to pursue such a large value opportunity.

Meet Doshi: Okay, thank you, sir. And as, as you have mentioned that, still we required more two to three years to get the returns from the investment. But, sir, since last 10 years being the investor, we may see that we are not getting a good response in terms of revenue growth and the profit growth, which is not reflecting in our shareholders' value.

So here I just want to know that how much confidence you have from 0% to 100%, like after two to three years, really we are going to have the sales at least double, or what kind of sales growth you are expecting and how much confidence you have in.

Moderator: I'm sorry to interrupt you, sir. Ladies and gentlemen, management line seems to be disconnected.

Meet Doshi: Yes thank you. So yes I am starting again. As sir you have mentioned that we are going to have to invest on the capex and next two to three years we are going to get the huge response but sir I want to know that how much confidence you have in the business, as we since last 10 years we are not able to grow in terms of EPS more than 100%. So I want to know that how much confidence you have in the business for next three years and how much we are expecting in terms of EPS growth?

Y. Delli Babu: See, firstly, I wouldn't want to say that not long before our ROCE ratios were in the range of. 20%. Lead-acid being a stabilized technology, over a period of time, with the capacity-led growth what we have seen in this business, we have seen ROCEs in the range of 23%-20%, kind of a range.

And once we see out the current cost challenges, what the lead-acid battery business is per se is facing, I am sure we can pull back ourselves on the lead-acid battery business into our original ROCE position.

But when I look at my overall ROCE, then including the lithium investments that I am making, that's where I am saying it will take time for us to really stabilize that business. So when you look at the current business, I think we need to differentiate between the lead-acid business and also the new energy business.

Because if I look at it after adjusting the new energy investments what we are making, even today in FY26, if I were to adjust, our ROCE level was around 18%. So, my best ROCE performance in a very earlier past it could be much higher than that. But when you look at a stabilized capacity and the growth, we are seeing, ROCE levels of 20%-21%. We have seen it not long before in FY'24 and FY25.

So, I think there is every possibility that we pull back those ROCEs beyond 20%. But when we look at new energy business, I think we need to give time to this business considering the size and complexity of this business and the opportunity that we are pursuing. As far as my confidence is concerned, obviously the confidence levels are definitely high. And then that's the reason we are running behind this business, and then we are investing money in this.

So, the lithium business cannot be built overnight, and it requires some level of capability building to be done before we actually achieve independence and then improve that business from there. And we feel we are in the right trajectory, but as, we are focused on building the capability first rather than investing too much capital ahead of time, thereby you end up losing, not getting enough returns, which is why we are focused on investing first on capability building.

So, we have spent much less capex than many other players, and which is how this business has to be built. And that's where I believe, we need to give it time, and, we, at Amara Raja are definitely confident that this journey will pay off.

Amit Kumar: Thank you so much. all the best for the future, and let's again see the reaching new highs as soon as possible. Thank you.

Y. Delli Babu: Thank you.

Moderator: Thank you. Next question comes from the line of Shubham Jain from Investec. Please go ahead.

Shubham Jain: Hi, thanks for the opportunity. just one clarification on the standalone margins, given that Amaron Assist will be transferred to a subsidiary And, the cost will be part of that subsidiary now. Should we expect, about a percentage improvement in margin from next quarter onwards?

Swajitha Rapeti: Yes, definitely at a standalone level, the margins would improve because of this divesting the business into the new subsidiary, but it may not be to the extent of 1%. It is a combination -- the 1% whatever we're talking is a combination of both Amaron Assist and the spending what we have made on building the manufacturing capabilities. So, there will be some margin accretion, but it will not be 1%. It could be definitely lesser than that.

Shubham Jain: Okay, okay. and on the home UPS side, we have seen strong growth here for quite some time. if you could please quantify what is the revenue contribution from home energy segment now, and where are we in terms of market share? And, how should we think about the growth opportunity here? how is the transition to lithium-ion going here? If you can please share some light.

Y. Delli Babu: Currently, if I were to look at this quarter and the previous quarter, we have clearly grown the HUPS business quite substantially, and we believe we would have gained substantial market share on this business. Earlier we used to be around 10% to 15% market share, but I think would have at least gained another 3% to 4% market share on this business at this point of time.

As far as future is concerned, I'm sure with both the HUPS even the lithium when it comes, obviously the lead-acid volumes will shift to lithium. There is a possibility that households when they increase the solar capacity even there you need to create certain level of storage. The exact

quantification of that market opportunity, if and when it evolves, is something that I can share in future.

But at this point of time, this application today is merely a storage application, going forward can act both as storage as well as dispensing the power to the home in the off-peak and peak hours where the solar production will be low.

So that way, home as a customer segment is going to be very important to us. That's the reason why we are focusing separately on that, and we will be coming up with the required products which will enable penetrating this even further, even when solar were to become big in the home energy segment.

Shubham Jain: Okay, thank you.

Moderator: Thank you. The next question comes from the line of Aaryan Vadaria from Aequitas Investments. Please go ahead.

Aaryan Vadaria: So, sir, just want to understand, how is the progress coming up on the lithium-ion products which we are developing? So, what feedback are you getting from your customers?

Y. Delli Babu: As I mentioned earlier in the call, As far as NMC is concerned, our samples are getting produced and they are currently getting internally tested before it is handed over to the OEMs. And we expect to hand it over to the OEM testing in the next couple of months. And the other LFP side cells, they are at various maturity cycles, so we'll be able to let the timelines as we move closer to the commercial deployment.

Aaryan Vadaria: All right, sir. Thank you.

Moderator: Thank You. The next question comes from the line of Amit Kumar, an Individual Investor. Please go ahead.

Amit Kumar: Yes, thank you so much for the opportunity. This is Amit Kumar from Determined Investments, this side. just, one point, I joined the call a little bit late, so, just trying to understand how much time do you think, it will take you on the lead-acid, battery business side to pass on the raw material pricing that you have seen over the last 6 months,7 months onto customers, be it OEM or on the retail side?

Y. Delli Babu: Yes, we were successful in getting some rate hikes, particularly on the, two-wheeler customers. Of the two-wheel customers on the OEM side, we were able to pass on these price hikes. As far as aftermarket is concerned, it obviously depends on not only us, but even the competition and what it is doing. So, we have been passing on these prices on a quarter-on-quarter basis, but unfortunately every time we took a price increase and immediately, we are seeing a sudden jump.

For example, if I were to give an example of raw acid because of the sulfur prices. We are seeing the prices going up all the way from about INR10 a kg to about INR43-44 a kg. And similarly, separator prices in between, the way rupee has depreciated also has impacted. And the domestic lead prices which used to be a very good source of procurement, has also now becoming costly.

So, these are some of the things we expect, as and when the supply chains of import and ship availability improve, these costs can actually come down. So, to that extent, it is not easy to pass on immediately to the B2B customer, and then aftermarket we have been passing it on at least with a lag of 2 months to 3 months' time frame.

Because once we see a cost getting stabilized at a given level, we have been passing it on to the customer. But at this moment, it is continuously an inflation scenario which is causing this dip in the margins.

Amit Kumar: Just a small follow-up on the sulfur side we heard that in Middle East, Africa few producers, they had actually cut prices. This is about a few months back actually. So, have those prices kind of stabilized or is it that -- those price cuts were more to compensate, for the continued freight increases? So landed is still a problem for you on the sulfur side?

Y. Delli Babu: So, when we look at sulfuric acid that we procure, that's where the prices are continuously on a rise. So, there could be multiple factors that are hitting it. Like you said, it could be the logistic cost, which is still becoming prohibitively expensive because even for our export of batteries, that's where it's becoming a significant challenge.

We have to incur somewhere around 7 times to 8 times more freight to get the battery to the place where we want. So, I think it's a mix of both. I mean, we have to wait and see when will this situation normalize.

Amit Kumar: Okay. So just final one on the lithium-ion battery side. So, just over the last couple of quarters listening to you, the sort of focus has been a little bit on the BESS side basically, the business. And I understand that's obviously -- within that lithium-ion ecosystem, that's definitely an additional opportunity which is there. But at least our understanding, surprisingly given the early stage of that opportunity in India.

There are already so many players which are sort of producing batteries for storage for the BESS, kind of situation. And any which is the core business of the company still sort of continues to be on the automotive side. So, just sort of, thinking through in terms of focus on the automotive business versus BESS?

Is it that on the automotive side, because the players might -- the OEMs might already have sort of done some investments, in terms of their own battery manufacturing or infrastructure, is that the reason why you're sort of incrementally shifting focus on BESS? And how are you looking at the competitive scenario in BESS also?

Y. Delli Babu: See, I wouldn't say we have diluted our focus, in EVs and then we are replacing it with the BESS. I think, to that extent, maybe I would consider that maybe we have underestimated the overall requirement of BESS batteries that are going to be required in this country, because that's going to be a huge potential that will come in.

So naturally, we have accelerated our investments on the containerization solutions on it, and that plant we were able to close it in a timeline of about 12 months from the date we commenced the construction to the date that we are going to launch the commercial production. So, there is

no dilution of focus with respect to the overall cell strategy of catering to both storage as well as mobility applications.

But given the fact that today we are seeing that there is an enormous potential not only in India but even elsewhere, there is need for us to really ramp up this business because cell business, the way the capital intensity it has, we also need to equally focus on some of the solution business as well, which is why we are going ahead and then get these capacities on track.

Now, as far as mobility is concerned, yes, there are a lot of OEMs who have said that they will do their own packs, but our journey in the lithium side will not stop at packs. It is definitely going to be the cells that we will have to manufacture that are required for the mobility applications.

That journey is continuing, and with, as I said in the earlier calls also, there is a dedicated team of 200-250 people who are currently working on some of these cell development activities. So, once we are able to get our NMC lines up and running, then I think we have started our journey of cell supply with the NMC cells, and thereafter we will definitely get into the LFP cell and get into the mobility application.

So, timing-wise, there could be some delays here and there, and then we want to prioritize one over the other. But the long-term strategy is still very clear that EV as an opportunity cannot be missed, and I think we are timing those capexes according to how the market situation is evolving.

Amit Kumar: One sort of small clarification on the new energy business. The arguably small, but -- to whatever extent the losses that we are seeing. These are largely on account of the overheads. Like you mentioned you have the 200-250 people team working on cells which are obviously not, more on the R&D side. And so because the plant itself is sort of not operational, that is the cost which is, hitting your P&L.

Y. Delli Babu: You are right. I mean, there are two operational expenses, one obviously on the product development end and also the depreciation that will kick in on some of these developmental labs that we have set up. Those are the two major expenses why there are losses. So beyond that…

Amit Kumar: And the operation, telecom, batteries, etcetera., which you are sort of -- that you are saying you have about 6%-7% margin.

Y. Delli Babu: Yes. Some of this expenditure is getting compensated by the e-pack business. That's what the line that I was about to add. Yes.

Amit Kumar: Okay, understood. Thank you so much. That's it from my side.

Y. Delli Babu: Okay.

Amit Kumar: Yes.

Moderator: Thank you, ladies and gentlemen, we will take this as the last question for today. I now hand over to the management for closing comments, over to you, sir.

Y. Delli Babu: Yes, thank you very much, and then see until we see next time, happy Diwali to everyone who joined the call. Thank you so much for your patience. Thank you.

Moderator: On behalf of Amara Raja Energy and Mobility, that concludes this conference. Thank you for joining us and you may now disconnect your lines.