

August 14, 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 August 6, 2026, the transcript of the Earnings call held on August 11, 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
Company Secretary
& General Counsel



Encl: a/a



“Amara Raja Energy and Mobility Limited

Q1 FY27 Earnings Conference Call”

August 11, 2026



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

MODERATOR: **MR. JAY KALE – ELARA SECURITIES PRIVATE**
LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Amara Raja Energy and Mobility Limited Q1 FY27 Earnings Conference Call, hosted by Elara Securities Private Limited. 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 presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jay Kale from Elara Securities Private Limited. Thank you, and over to you.

Jay Kale: Yes. Good evening, everyone. And on behalf of Elara Securities, we welcome you to the Q1 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, Head, Corporate Finance.

I would now like to hand over the call to Mr. Delli Babu for his opening remarks. Over to you, sir.

Y. Delli Babu: Swajitha, you can go ahead with the opening remarks, please. Yes.

Swajitha Rapeti: Good evening, everyone. Thanks for joining the call. Maybe I'll give a brief about the Q1 performance first, and then we can move on to the Q&A session. For the quarter ended June 30th, 2026, we have achieved a robust growth of around 24% on consolidated basis with revenue of around INR4,215 crores, with about 95% of the revenue coming from lead acid business, which grew by around 22%. The new energy business grew by more than 70%, recording a revenue of around INR209 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 sector. Four-wheeler and two-wheeler aftermarket volumes have grown by around 15%, and OEM segments continue to retain the volume growth momentum of around 24% in 4-wheelers and more than 35% in 2-wheelers on Y-o-Y basis. Further, we also delivered growth of more than 60% in home energy business, both on the tubular batteries and home EPS. During the current quarter, our tubular manufacturing plant operated at 100% capacity. However, we continue to supply traded batteries also for meeting the excess demand.

The trading revenue in the current quarter stood at around 15% of the lead acid battery revenue. Our automotive international revenue degrew by around 20% owing to significant volume drop in the Middle East market. We are expecting to recover these volumes in these markets in the subsequent quarters. The revenue from industry lead acid battery business grew by around 2% on Y-o-Y basis. The volumes in UPS batteries have grown by around 10%, though the telecom lead acid batteries continue to degrow due to its migration to lithium-ion sector.

Lithium-ion telecom volumes grew by around 50%, and during the quarter on a combined basis, we maintained market share of over 60% in telecom segment. New Energy business during Q1

continued to deliver strong performance with revenue growth supported by increased demand for telecom packs and 3-wheeler packs. Both EV and telecom packs have demonstrated volume growth of more than 50% on Y-o-Y basis. Further, we are happy to share that we have inaugurated our customer qualification plant with multi-form and multi-chemistry capability in July '26.

E Positive facility, which is our research facility, is also expected to commence operations in the current quarter. Both the first giga cell and BESS 10-gigawatt-hour factory are on track and expected to commence operations as per the timelines indicated earlier. During Q1, the standalone EBITDA margin is around 10.1% and consolidated margin stood at 9.6%. The margins were impacted during the current quarter due to elevated material costs, increased spending on brand promotions, and strategic initiatives, namely Amaron Assist and Factory of the Future.

Considering our long-term plans to strengthen our market position at strategic level, we made couple of long-term investments in our manufacturing excellence, organizational capability, and in our brand promotion. The moderation of Q1 operating margins at standalone level reflects these investments. As communicated in our earlier earning calls, we have launched Amaron Assist during Q1 FY27 in Hyderabad, a pilot project focused on providing automotive services to B2C segment, deepening our customer engagement.

Based on the learnings from the pilot, we will formulate a long-term plan on the service business model. Further, to strengthen our market presence in B2C segment and improving our brand equity across all product segments, we've invested in brand presence during various events including IPL, which also led to some moderation in the margins during the current quarter. The other reason that contributed to margin dilution is on account of expenses incurred for improving our manufacturing excellence by way of capacity enhancement in our existing automotive plants. These costs will add to the manufacturing competitiveness in near future.

Higher expenses on these strategic initiatives during the quarter led to a margin moderation of around 0.9%. The other important aspect which also led to the moderation in profitability is a significant increase in the procurement costs of alloy, sulfuric acid, and poly. We did see some price increase during Q4 FY26. However, subsequently also the procurement cost for sulfuric acid and poly have risen substantially during the quarter.

To absorb these costs, we took further price increase of around 3% in June, which helped offset a portion of these cost pressures, although not entirely. Additional price increases of around 2% to 3% will be rolled out during the current month. The above raw material price increases also led to increase in warranty provision and further incremental costs during the quarter led to some margin dilution. At consolidated level, the margins are lower by around 0.5%, which is around 9.6%, which is primarily due to the additional cost at new energy business towards our upcoming Giga 1 plant and BESS plant.

And during FY27, we estimate to spend around INR1,700 crores towards our capex project with major outlay towards the new energy business of around INR1,300 crores and rest of it towards

the lead acid business including recycling capex. This capex outlay is majorly towards our upcoming Giga 1 plant which is expected to commercialize during H1 FY28, and towards other projects including the 10-gigawatt hour and E Positive plant. Out of the planned INR1,700 capex outlay, during Q1 FY27, we have spent around INR450 crores, with major outlays towards new energy business.

We also like to inform you that on July 18, 2026, Andhra Pradesh Pollution Control Board revoked the closure order issued against the company on April 30, 2021, and the company has withdrawn the writ petition filed before the Honorable High Court of Andhra Pradesh.

So, with this, now we can move on to the Q&A.

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

Kapil Singh: Yes. Just on the, you know, gross margins, wanted to understand when the -- what are the price hikes we have taken in Q1? And, you know, what kind of cost pressures we are facing now. Have we been able to recover most of the cost pressures?

Y. Delli Babu: See, as mentioned by Swajitha, we have taken price increase of around 3% in Q1, and then, with the kind of jump that we are seeing in some of these raw materials, they could not offset it fully. Additionally, this quarter we will be taking around 2% to 3% further price hikes on across product segments. So if the current prices were to stay where they are, this might be sufficient. But we are continuously seeing increasing trends particularly on the poly side and sulfuric acid and also some of the alloys like tin, etcetera, are showing further tendency to increase.

But we have to wait and see how those price levels will prevail and take those decisions regarding price at an appropriate time. The price hikes in B2B segment will get delayed because these negotiations have to happen with various B2B customers. To that extent, there could be an impact that we may have to see. But most likely we should be able to pull this back if not fully in Q2, in the next quarter we should be able to do it.

Kapil Singh: And on the other expenses also, are there any items which we can say are non-recurring? Because, you know, other expenses growth has been higher than the revenue growth. So just trying to understand that.

Y. Delli Babu: Yes, again, as explained by Swajitha already in the call, some of those initiatives, particularly on the brand promotion, will continue for some but I'm sure over the next couple of quarters they will come back to their normal levels. And also the provisioning that I need to do for warranty when the underlying product costs increase, I also need to carry those provisions for the entire unexpired population. So that also kind of becomes a one-time hit on the P&L. If the freight costs, the fuel costs were to persist from here also, again, with the geopolitical issues, then that cost is something might recur in the next quarter as well.

Beyond that, the other costs are all in line with the volume that has gone up because of substantial tubular volumes that what we have seen in the last quarter, because they are bigger batteries, we

need to incur higher freight costs. So rest of the costs are growing in line with the volume throughput enhanced during the last quarter.

Kapil Singh:

Yes. And just one question I had on the BESS business as well. If you could just outline, you know, what kind of asset turns we can expect and what kind of capex requirement will be there and, you know, margins in what band will be there. You know, there is heightened competitive intensity also, it seems, in this segment. So if you could just talk of, you know, what will be our competitive advantages here. How you are thinking about it?

Y. Delli Babu:

Yes, see, the initial capital outlay for the BESS project could be in the range of, INR250 to INR300 crores, and its capacity will be around 10 gigawatt-hour. So, with the current day's price at the containerized solution level could be anywhere between USD100 to USD120. So asset terms-wise, it will be, definitely higher.

But operating margin-wise, it might mimic the way the current pack business is doing. So around 5%-6% or 6%-7% kind of level. But as we localize more and more components, the margin profile might change a bit. But still, it will continue to have that kind of operating margin levels of about --- at BESS, margin could be around 7%-8%. And the conservative margin could be around 5%-6% could be the possibility.

As far as competitive intensity is concerned, I think this project should also, over a period of time, help us bring the cell production into the country. And I'm sure in line with the government's support as well in terms of localizing the supply chain for these BESS systems, it would augur well for us to establish that customer relationships for all these products, and eventually leading to our own cell localization required for this BESS, this program.

So we have to think long term and I'm sure this increased demand in energy storage requirements in the country, not only at the grid level but also at the C&I level, will definitely help fill this capacity and then we should also feed in well for our cell program expansion.

Kapil Singh:

So this will be LFP, right?

Y. Delli Babu:

Yes, it will be an LFP. Right now people use 314 Ah cell and there can be suitable modifications in future. Yes.

Moderator:

The next question is from the line of Vibhav Zutshi from JPMorgan.

Vibhav Zutshi:

Yes. Just going a bit deeper into this other expenses, and the 0.9% hit which you called out, which is around INR35 crores, can you just provide a broad split between, you know, these cost for the brand presence, warranty, freight, and the manufacturing processes?

Y. Delli Babu:

Yes, I think overall number is already given. It is split between the brand promotion activities and the Amaron Assist pilot project, and also some of the Factory of the Future, that is basically enhancing the throughput across our manufacturing plants where we are doing certain initiatives. From an accounting parlance, though the throughput is enhanced I cannot capitalize them. I need to treat them as revenue expenditure. So those are the 3 major initiatives which have caused a

higher increase in the expenses, apart from the warranty expenses provisioning that I have told, and also other power and freight-related expenses owing to the volume increase what we have seen in the last quarter.

Vibhav Zutshi: Okay, okay, got it. So just a broader question, just a follow-up here. I mean, in the last few years, are other expenses as percentages, percentage of sales used to be somewhere around 12.5%. This has been, you know, going up, and obviously there have been multiple cost increases including power and fuel as well. So I mean, where do we see this stabilizing, say over the, you know, next few quarters? Can this come down to 13%, or I mean, should we expect some elevation?

Y. Delli Babu: Yes, because see, some of these initiatives are big ticket items. Once we stabilize our promotion expense and all these, debottlenecking expenses we are incurring on the capex. I think we will see a reducing trend, but there are a couple of expenditures like freight because of the higher fuel costs that we are currently having, and also the warranty expenses because of higher raw material cost that what we are seeing. These things will come down only when the bottom cost drivers actually come under control.

But otherwise, the other expenses what we are looking at, whether it in terms of employee cost or admin expenses, etcetera, they will continue to be under moderation as we go ahead. But these exceptional items which I am seeing now will get reduced once these projects are fully done.

Vibhav Zutshi: Okay, okay, got it. So second question is on the, you know, the whole EV and lithium-ion business. So firstly, you know, have we received the equipment for the 2 gigawatt-hour NMC line? I think last quarter you mentioned the order has been placed. So just wanted to understand the current status.

Y. Delli Babu: Yes, they are due for a delivery in Q3.

Vibhav Zutshi: Okay, okay, got it. And just a follow-up here, the, you know, the BESS facility. So I mean, how do we see this ramp-up happening? Do we have customer commitments? What is the utilization level going to be like, assuming that this gets commissioned over the next, you know, couple of quarters?

Y. Delli Babu: Yes, see, initially I think there are enough visibility with the major EPC players who are actually installing projects for various power generating stations. There is a reasonable order book that we are seeing in India itself, and it may also throw some export opportunity as we move ahead in other markets as well. So I don't see a major challenge of maybe in within a period of about 6 months from the time the factory is completed, at least getting to a level of 5 gigawatt kind of a utilization.

From there it depends on how the market moves from there, but the capacity can be made up because the line capacity itself is at a 10 gigawatt-hour. So that's the reason we have gone ahead with the 10 gigawatt-hour line capacity. But I think we should be able to ramp up considering the way the requirement on the solar energy is growing in this country.

- Moderator:** The next question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.
- Mumuksh Mandlesha:** Just first to clarify, so on the BESS area you mentioned, once the plant starts, within the 6 months you can ramp up the utilization towards 5 gigawatts, is it right, sir?
- Y. Delli Babu:** Yes, yes, because depending on, see, how we see the market and then what kind of order flow that we see, our belief is within about 6-7 months we should be able to ramp it up to that level. Thereafter, it's a question of how demand moves from there.
- Mumuksh Mandlesha:** Got it, got it. So, that much order is packed with the capacity?
- Y. Delli Babu:** No, I'm saying based on the market demand what we are seeing today, there is a possibility that we can reach that kind of level, in a span of 6 months or so because of existing various order book that we have seen in this country. And we also should find a way to see the market in other geographies as well. So that we increase the utilization level and also keep them consistently growing.
- Mumuksh Mandlesha:** Got it, sir. So this quarter there was a trading mix of around 15% of the revenue. I just want to understand how this, trading mix will go ahead and how much was the impact of because of that, in this quarter. And also just any update how this new tubular and recycle plants are supporting margins, sir?
- Y. Delli Babu:** See, as far as trading is concerned, this quarter, because we had a big tubular season, so which is where our tubular plant, as Swajitha was mentioning earlier, we are fully using the plant. And in addition, we had to do the trading of inverter batteries and also the HUPS systems. That's where, being a tubular season, the trading revenue percentage is higher. Naturally, at the gross margin level, the trading will show a dilution on the gross margin as you, you incur the manufacturing cost also as a purchase of stock-in-trade.
- Now whether the same percentage revenue will continue in the subsequent quarters? May not be because now in the subsequent quarters the tubular requirements will be met from our own manufacturing plant. The second part of your question as far as recycling is concerned, the battery breaking operations is still in the trial production, and also recently the way these scrap prices in the country have moved substantially higher. Right now, if you do a purchase of scrap and then reprocess the lead, the costs are almost either equal or little higher than what the LME lead is.
- To that extent, in this quarter there was a bit of a cost pressure on the recycling plant, but otherwise the battery breaking plant, once it gets stabilized, our own battery that we procure from the market for satisfying our EPR obligation should be good enough to feed that plant. And that the recovery from that plant, if it is higher than what we are getting today, then it should help contributing to overall operating margins as well.
- While at a larger picture, even in the earlier calls we said it could improve the material cost over and above what we are buying today, but provided the local scrap costs are within the earlier

limits. But we have to wait and see to put a clear number to it once our battery breaking operations stabilize. That's when I think we'll be able to give you a correct number, and then so that can be clear.

Moderator: The next question is in the line of Raghunandhan from Nuvama Research.

Raghunandhan: For Q1, can you indicate on the export side, there was muted performance. How do you see the trend going forward? And also within industrial, if you can talk about various categories like UPS and others, how have you seen the performance across segments?

Y. Delli Babu: Yes, I think as Swajitha articulated in the opening remarks, the overall automotive exports on a Y-o-Y basis, we have seen a 20% volume degrowth, predominantly because of lower shipments to Middle Eastern markets because the alternative sea routes are quite costly from a freight point of view.

We are expecting that there is some normalcy that will get restored in the coming quarters, and then we will be able to recover this loss of volume in the subsequent quarters and still go back to our regular volume throughput what we have seen in these markets. That is one thing. Of course, it is dependent on how the evolving geopolitical situation turns from here.

As far as industrial is concerned, again, the UPS batteries have grown around 10% during the current quarter, while the telecom continues its shift to lithium-ion. But still, even the lithium-ion offtake was also substantially higher during the quarter, which is why the new energy business has grown by almost like, 60% to 70% over the previous year as a revenue.

As far as the other segments, they are growing in the range of 5% to 6%. Of course, they are all smaller, Railways and Power Control, they are smaller volume segments. There, the growth is in line with our earlier estimates of 5% to 6% kind of a number.

Raghunandhan: That's helpful. On the BESS revenue potential, you indicated that USD100 to USD120, if you can indicate, like for this INR300 crores kind of investment, would you be looking at something like a 3x to 4x gross asset turnover? Would that be possible?

Y. Delli Babu: See, I think I wouldn't want to jump on conclusion around the numbers because some of this will also depend on, the product mix that will eventually come in. I am just giving you an overall unit metric from an overall industry point of view. So once we actually, as I was indicating, if we actually run this plant for about 6 months or so, I think that's when the picture will be clear.

But I would say its economic metrics will be more or less in line with how the pack business is behaving at this point of time. But any improvement from there will only depend on how much content you can actually localize.

Raghunandhan: On the lithium cell side, you will be starting that customer qualification plant and sample supplies to customers. So, is the acceptance faster for telecom stationary applications in comparison to automobiles? How much time does -- do you think the customer testing and

homologation process will take? By when do you expect, like, clarity on new orders from customers?

Y. Delli Babu:

See, currently, the 2170 cells is what we are making, the B samples, which we would like to provide to the OEMs that we are discussing with who need those NMC cells. And on the EV side, as you know, there will be an extensive testing of those cells. And then eventually when our gigafactory is ready, the C sample testing and other processes will also take some time.

So it will definitely reduce some amount of time taken by OEMs for completing their homologation even when the C sample is ready. And this customer qualification plan not only helps the approval process acceleration, it also helps to understand the production process better and also see how we can arrest some of those ramp-up costs in the first gigafactory. That's the dual purpose for which we have constructed that facility.

So right now the NMC cells are being produced. And after the internal testing's are over on those cells, we will be giving them to the OEMs for their testing. Now coming to the storage side of it, any LFP cell that we generate by our own technology effort, can be tested in this plant.

And if we are able to convince the B2B customers on the energy storage requirements, then because some of these packs also go with a warranty promise to the energy storage customers, there the time taken for acceptance by the customers might be substantially lower than what an EV customer would take.

But certain critical installations like telecom, customers will ask for the extensive testing before they actually accept any particular cell because any cells that are made by any supplier for that matter require to be approved by the customer. But relatively the time taken by these energy storage customers is definitely lower than the EV customers.

Raghunandhan:

Noted, sir. And on the PLI, there is that 10 gigawatt bids which have opened. I mean, in the sense, the tender application process has started. So, so would you be considering it? how are you looking at that?

Y. Delli Babu:

Yes, we are looking at the tender documents, and then depending on the qualification criteria that they have put in, so we will be participating in that tender while we are now weighing our options in terms of how to go about it. But it's an opportunity that we'll definitely try to participate in.

Moderator:

The next question is from the line of Shubham from Investec.

Shubham:

My first question is on your lithium-ion cell foray. You had earlier indicated that your Gotion tie-up, did not go through as planned. Can you please clarify if that is the case with your NMC tech partner as well? Also, are you looking for any new tech partnership with a non-Chinese player for LFP?

Y. Delli Babu:

See, right now there is from the beginning, there is a clear plan B because we know that any technology support we get from the external sources need to be augmented with our own internal

capability. So on the NMC cell, whatever earlier relationship we had, so we got that technology in and then our own team was able to improve the cell beyond what we have actually taken based on the current customer requirements. So to that extent, there is a bit of de-risking that has happened on the technology talent point of view and our own ability to adapt or develop technologies for the requirement of this market.

But as far as newer technology relationships are concerned, I wouldn't say we are not looking at it, but we'll be definitely be on a need base wherever we think any external help augments our own internal capability, we will definitely be working on a case-to-case basis. But at this point of time, given the geopolitical restrictions, I don't think a broad-based technology arrangement with anyone from China is possible.

Shubham:

Okay, okay. Also, in your PPT, you had indicated your plans, you know, to set up 16 gigawatts by FY30. Given that there has been some delay and, you know, there have been some challenges from China, is that still on track? Should we expect a lower capacity, you know, coming on stream by FY30 than 16 gigawatt?

Y. Delli Babu:

Yes, I'd like to clarify that the 16 gigawatt we have coined was based on our initial strategy when we said that there would be a need to put close to INR9,000 crores of investment into this business, and then we need to -- there is a possibility of reaching that 16 gigawatt hour given the fact that India could be a market size of 100 gigawatt hour to 130 gigawatt hour.

And then we felt there is a reasonable chance for us to achieve a market share given that there are some EV requirements met by the OEMs by themselves. So this potential, as it changes its mix, we also need to change our plans. It's not that I will build the capacity irrespective of what demand signals that I am getting and which cells that are being required by the customers.

Because we have to carefully invest behind capacity, because any redundant capacity that we create will be highly taxing on the financials. So we have to be sure about the standard cells that we are going to build to start with, have sufficient demand, and then accordingly we'll expand the capacity.

Even today, if you were to rate the risks of lithium-ion business, obviously I would intuitively say that demand is not the highest of it. Maybe it is definitely at the bottom quartile because there are demand coming from both EVs and ESS segment as well. So given our program, maybe we will now prioritize an ESS cell over a standard EV cell because that could actually uptick our demand much faster.

So while the milestone for a given capacity can definitely change, but our broad strategic direction of going behind, let's say, a 15% to 20% kind of a market share on the available potential of lithium cells still remains intact. And timings can definitely change based on the demand as well as the product mix that is being required by the market.

- Shubham:** Okay. Thanks for clarifying. Also, just one clarificatory question on, on your lithium pack revenues. It gets booked entirely in your subsidiary, right? None of it is captured in your standalone business?
- Y. Delli Babu:** In the standalone, in this quarter, there was some quantity which we have booked in our standalone entity because of the product approval was earlier taken in the standalone entity. Like the way even in the last year we had trading activity happening in the holding company. Now I think we have migrated. From the coming quarters, we will not have substantial lithium trading revenue coming in the holding company.
- It will all move to the subsidiary only. But yes, there could be some other segments, some of the, let's say, commercial and industrial, or some of the segments which we deal with through our industrial channel. There could be a smaller volume, but essentially all the telecom packs will move to the subsidiary completely.
- Moderator:** The next question is the line of Rishi Vora from Kotak Securities.
- Rishi Vora:** Yes. My first question is just on the growth expectations for lead acid business. Obviously, 1Q we have seen a very strong growth, and I know, OE obviously, we know is doing well and replacement continues to do well. So, sir, how should we look at like full year growth expectations in terms of volumes for the lead acid business? And mainly just trying to get a sense on the replacement market strength.
- Y. Delli Babu:** See, I think the domestic growth in the aftermarket, as we have mentioned in the earlier calls as well, I mean, we can't go by, one single quarter as the long-term guidance. So naturally, around the lower double-digit kind of a number is possible in the two-wheeler side. As far as four-wheeler, it may be a tad lower than the two-wheeler.
- So our estimation was it could grow anywhere between 7%-8% kind of a number, and that kind of a growth is possible, but considering the large base that we are seeing today, those numbers will moderate as we move ahead and also as we see higher penetration on the EV side of it.
- But our lead acid growth also should get further boost once the international business comes back on track. That's where our forecast or our thought process is, lead acid battery business as a whole, both industrial, mobility, exports, every opportunity put together can still achieve a revenue growth rates anywhere between 9% to 10%. In the coming, at least in the medium period. That's the sense that we are getting.
- Rishi Vora:** And sir this guidance is for volumes, right? So whatever the price hikes you have taken should further add up to the revenue?
- Y. Delli Babu:** No, I'm not saying this is a guidance, but this is the overall industry growth estimate possible. But this is predominantly on the volumes. Any, any price changes, it will depend on how much you are able to actually pass on to the customer. So we have seen B2B segment has its own challenge of passing it on fully. And in B2C, with the lag, we are able to pass on. So you are right. Much of this I'm talking from the volume lens.

Rishi Vora: I understand. And sir, just on this, you know, your comment around LFP, like maybe incrementally the focus would be on the energy storage segment. So just wanted to get a sense, given that now we don't have partner and maybe in the future we might get one, but how easy it is, difficult to develop LFP technology, how much R&D investments which we need to do incrementally, no, and like, does it also, it takes time to develop this technology or within a year or two we can come up with a product and, you know, start supplying to the customers? Just any sense around that would be helpful.

Y. Delli Babu: Yes, there is enough investment that we have made into both the skill as well as facilities required for research. There are teams in place working on these product developments today. Obviously, I can't give a timeline around every product that we are dealing with. I can only say that there is enough capability in the company and also certain other relationships that we are working on will definitely help develop the products that are required, for us.

From a timeline point of view, I think it would be premature for me to comment on any specific timeline because it will depend on the development program that we will track for a given, cell type.

So I would say there is a plan B in place, while even if it is a bit of a delay here and there, we will be able to do things with our own capability, which definitely help us develop products which are more suitable for this market. And also the key is basically to get the industrialization right, because product recipe is one thing, but getting the industrialization right at the right throughput level and right, process scrap level is important.

So currently the teams are engaged in both aspects of this, which is where we are spending our resources. Even in this year towards the R&D of cell development, we may spend close to about INR100 crores to INR150 crores kind of money. So that kind of expenses we need to incur until some of these cells that we are currently talking about are available for commercialization.

Rishi Vora: Just two clarifications. One on the BESS side, right? When we -- when we talked about INR200 crores, INR300 crores of capex, also there will be a working capital requirement, right, for this business pertaining to sales. So what would be that number, or in number of days, if you could guide us? That could be helpful.

Y. Delli Babu: See, it depends again what's the customer mix we are dealing with, right? So if it is a containerized solution that I am giving to an EPC player And then what kind of business models that will evolve, see, it really depends on what kind of projects to which we are supplying. So if I were to take a cue from my current pack business that I am doing to a B2B segment, my working capital days could be around 90 days, give or take.

But it also depends on what kind of credit arrangements we will have for the cell procurement from China. So I don't think I can give you a 100% sure number at this point of time, but if I were to give an estimate, a 90 day to 100-day kind of a cash conversion cycle is not impossible to achieve.

- Rishi Vora:** And so, and so, last thing, just on the warranty side, like between lithium and lead, like whenever we ship to lithium manufacturing, will the warranty provisioning be different, or will it be higher or lower than lead acids?
- Y. Delli Babu:** See, warranty obligations for any of the lithium packs today are actually at the pack level. Cell makers are giving back-to-back warranty assurance on the cells, and that should be the same even when we make domestic cells also. So how do we provision it? How do we calculate the material cost? What could be the failure percentage? These are things that I cannot disclose or discuss today, or predict, for the simple reason that we have to wait and see for the first commercial cell to come out. So I think it would be too premature for me to put a number around them.
- Moderator:** The next question is from the line of Deepesh Joshi from Indira Securities.
- Deepesh Joshi:** So my first question is regarding the lithium-ion facility ramp-up. So like, how should we think about the price discipline going forward, and what do you believe will be the primary business competition over the next few years?
- Y. Delli Babu:** See, lithium and the EV side, you know, some OEMs are building their own plants, and there are 4 battery manufacturers who are currently in the lead acid space are also in the lithium space. By and large, as if you ask me, it could be a place where still you may see at the best a 3 player to 4 player kind of a market on the cell side is what is our estimation going by the announcements that we are seeing today.
- So from a pricing competitive point of view, I don't think people in India will compete with each other, but rather both of us have to, or all of us have to come and continue to compete with the imports that are going to come into this country.
- To that extent, yes, when you are looking at competing with China, we are clearly at a price disadvantage, which is what we have discussed in earlier calls also, that that disadvantage could be in the order of 15% to 20% today. Simply because of the strong supply chain that exists in that country, and then we are still in the nascent stage of developing this market.
- So until we are able to have our own depth in the supply chain, and then there is a bit of production coming from the government, I think we should be able to stabilize this industry in this country.
- Deepesh Joshi:** And so regarding, like, you did say that there might be some changes to the 16 gigawatt plant capacity, but, even if for the, like, new capex coming in, do you have any, planning for the debt-to-equity or the, I mean, ratio in mind? Like, how are you going to fund the next coming investment?
- Y. Delli Babu:** Yes, there are obviously multiple options on the table. The cash flows from the existing business are strong enough which we can use for funding this business. But as indicated earlier, the initial risk capital that we agreed was about INR2,500 crores, with which we are able to at least complete these 5 facilities that we are talking about.

And thereafter any future capex requirement, we have to explore our options. One, the holding company can continue to fund it. Obviously, there is a limitation on the debt-to-equity number, but I wouldn't want to put a number at this point of time because I need to see each of these business cases and accordingly decide whether a leverage is good or should I look at some other options for funding this kind of expansion.

So these are questions options that are definitely there on the table. But I think I will be able to give a broad guideline as and when those new capex programs are announced in terms of how do we achieve the financial closure of it.

But suffice to say that considering INR700 crores to INR800 crores at the minimum as a cash generation post-tax and post-dividend as well, I think there is enough gunpowder left in the holding company for to fund this new energy business for some time to come. But that doesn't mean we will be completely free with our capital allocation.

So those decisions will be taken based on what investments that we are making into which cell capacities and what are the risk factors of that business. And then at an appropriate time, those capital structuring decisions have to be modified.

Moderator: The next question is from the line of Kapil Singh from Nomura.

Kapil Singh: Sir, just trying to understand, when we talk of lithium-ion cells, is the product continuously evolving or we are seeing, technology at a relatively stable level for NMC? You know, because, you know, the products are also evolving. So I'm just trying to understand whether there are significant R&D requirements here, or, you know, once you have acquired a technology, we can, you know, continue supplying for, next few years without any major changes?

Y. Delli Babu: See, I, I can only say that, the speed of change, I would sense that while, I may have to again discuss with my technology team before I give a conclusive answer, but my understanding is the speed of change has definitely moderated. So that's why when we approach a particular cell program, we have to be clear that the capex what we are incurring provides us the opportunity to serve that product for a reasonable time in the future.

And secondly, if not, then we should also build the plant or work with the equipment vendors in such a manner that any fungibility between one product type to another can be done easily. So that way, the capital requirement for creating any fungible lines should be factored in whenever we do these new cell commercialization plants.

So that way, coming to the R&D investment that we need to make, that is something that we have said from the beginning that we would want to create a capability within the company which can actually deliver the required goods that are required for this market. So that effort cannot be reduced just because we are able to commercialize couple of standard cells which are not changing.

I think technology requirements will continue in this business and it is not something that we can wish away just because we have some capacity of regular standard cells that can be manufactured.

Kapil Singh: And on the raw material availability, what kind of risks are there and how you are thinking about managing those risks?

Y. Delli Babu: See, clearly on the supply chain, particularly on the cathode material, we have to depend on China for our procurement. There are no two ways about it. But there are also efforts happening within the country by various players to localize some of that supply chain. So we have to wait and see how those plans come to some level of maturity.

But I think in the long term, I think industry as a whole will definitely strive for localizing these required supply chain in this country. Otherwise, substantial value cannot be completely residing out of India. And even government's direction and the policy push also is going in that direction. So I am hopeful that in the long term we'll be able to bring a large portion of the supply chain into the country.

Kapil Singh: There are supposed to be some restrictions from China for exporting, you know, some of the materials like cathode materials or even graphite. So any, any risk that, you know, we need to monitor here? Because something came out in October '25, then it was delayed for 1-year. So is there a risk on account of that also, or not?

Y. Delli Babu: Processed battery material, at this point of time, we have not heard anybody saying that they will not supply. Supply. But from a broader supply chain development point of view, it is definitely a factor that needs to be monitored not only by any one company but at the industry level.

At this point of time, I am not aware of any specific restrictions. While there were restrictions on certain core material, but not on the battery cathode material or anode material. So that I have not come across a specific restriction, but I will double-check once again, and if I have any news, I'll update you. Yes.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question of the day. I now hand the conference over to the management for closing comments.

Y. Delli Babu: Yes. Thanks, again, for everybody for coming in and thanks for your questions. Over to you, Jay.

Jay Kale: Yes. Thank you. On behalf of Elara Securities, that concludes the call. Thank you all for joining in. Have a good evening.

Moderator: On behalf of Elara Securities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.