

July 4, 2024

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 Analyst / Investor Call - Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In reference to our letter dated June 25, 2024, the transcript of the Investor/ Analyst call held on June 28, 2024, is enclosed herewith and is also available on the website of the Company at <https://www.amararajaeandm.com/Investors/statutory-filings-with-stock-exchange>

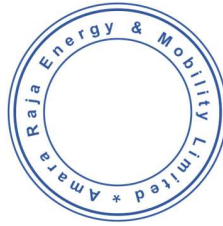
This is for your information and record.

Thank you

Yours faithfully

For Amara Raja Energy & Mobility Limited
(Formerly known as Amara Raja Batteries Limited)

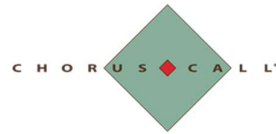
Vikas Sabharwal
Company Secretary



Encl: a/a



“Amara Raja Energy & Mobility Limited
Conference Call”
June 28, 2024



MANAGEMENT: **MR. VIKRAMADITHYA GOURINENI – EXECUTIVE
DIRECTOR, NEW ENERGY BUSINESS – AMARA RAJA
ENERGY & MOBILITY LIMITED**
**MR. Y DELLI BABU – CHIEF FINANCIAL OFFICER –
AMARA RAJA ENERGY & MOBILITY LIMITED**

MODERATOR: **MR. RAGHUNANDHAN – NUVAMA WEALTH
MANAGEMENT**

Moderator: Ladies and gentlemen, good day and welcome to the Amara Raja Energy and Mobility Conference Call hosted by Nuvama Wealth Management. The conference call is to discuss recent developments on new energy business. 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 the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note this conference call is being recorded.

I now hand the conference over to Raghunandhan from Nuvama. Thank you and over to you.

Raghunandhan: Thank you, Yashashri. Ladies and gentlemen, good evening and thank you for joining us today. We thank the management of Amara Raja for providing us the opportunity to host the call. Congratulations to the management team for successful collaboration with one of the large and respected battery player in the world, Gotion, in the LFP space. From the management team, we have Mr. Vikramadithya Gourineni, Executive Director, New Energy Business and Mr. Y Delli Babu, Chief Financial Officer.

I will hand over the call to Mr. Delli Babu for opening comments. Over to you, sir.

Y Delli Babu: Thank you, Mr. Raghu. I thank all the participants for joining this call. This call is specific to the technology licensing arrangement announcement that we have made recently with Gotion InoBat batteries based in Slovakia. Now I request Mr. Vikram to give his opening remarks and thereafter we'll move to the Q&A.

Vikramadithya G.: Sure. Thanks, Delhi and thank you, Raghu and the Nuvama team for hosting this call. Let me just give a brief introduction. It's not exhaustive, so we're happy to entertain any questions thereafter. As Delli mentioned, we signed a comprehensive technology licensing agreement with GIB- Gotion InoBat batteries. This is a subsidiary of Gotion High-tech from China that is a top five battery player in China and top three by LFP chemistry top 10 in the world.

The reason that we signed with, let's start with Gotion High-tech first. We're very impressed by their robust portfolio of LFP chemistry, both on the prismatic and cylindrical form factors. Many players have the prismatic LFP chemistry and cell but cylindrical is something we felt is something that not so many are doing well and Gotion High-tech is doing quite well.

They have a very strong background of IP supply chain also integrated from all parts of the battery value chain and also having very strong OEM relationships with one of their major investors also being the Volkswagen Group. Now coming to GIB, this is a joint venture between Gotion High-tech and the company that Amara Raja has also invested in, InoBat. We participated in their Series B as well as Series C investments and that gives us a little bit of comfort that there's a familiar face there.

But why we are going through the European entity, we are quite comfortable with the fact where I left off I believe, is talking about the European entity of Gotion InoBat batteries and why we decided to route this transaction to the European entity rather than directly working with the Chinese entity. One of the things that GIB is doing at the moment is they're calling it the localization platform in which they're localizing not only cell production, but in the last two

weeks they've announced several projects. Of course, the flagship project is being done in Slovakia with Gotion InoBat with a 20 gigawatt hour phase one of cell manufacturing.

In addition to that over the past two weeks or so, they've announced localization of various parts of the battery value chain in Morocco, in Nigeria and talking about a few other projects as well. Being an Indian player who wants a bit of security in terms of supply, I think it makes a lot of sense to be not solely tied to Chinese supply chain but also have access to other things. Of course, we have the opportunity, though it's not part of this scope of agreement, to collaborate further with Gotion and other parts of the battery value chain in the future.

Coming to our India project now, we did announce earlier that there's going to be 16 gigawatt hour of manufacturing of cell capacity set up. We're still sticking to that number. Maybe there could be an upside if because of the Gotion product and a bit of faster uptake from the customers, we may be able to enhance that number, though I don't want to give any guidance on that right now.

This is a comprehensive agreement for cell technology, manufacturing know-how, a bit of supply chain linkage and support on the engineering side to help get customer approvals on the cell and the packs. In addition to that, we have some broad export rights that allow us to sell the bulk of our solution worldwide. There are some reasonable restrictions on end-user application, which both sides feel is quite reasonable and it's not going to make any major difference on our strategy.

Whatever numbers that we earlier talked about sales numbers, it largely remains intact. Of course, it can have an upside if there's a faster customer approval because of this product. Lastly, I'd like to stress that it's an agreement that has a period in which we have access to continuous improvements.

We have access to some modifications and derivatives where during the period, Gotion will be supporting us. I think that's all I can think of right now. Of course, please hand it over to the questions and happy to answer.

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

Kapil Singh: Good evening, sir. Congratulations for this tie-up. I just want to understand what is the key advantage according to you with this tie-up? Is it that you are able to do certain products now which you were not able to do earlier or is it that you will be able to do them at cost which were not possible earlier?

If you could help us understand that. Given the context here, all of us understand that costs in China have seen a significant drop for LFP batteries? In terms of cost competitiveness, if you could give your views as well?

Vikramadithya G.: Sure. Thank you. Just to clarify with the products we make today, we only make packs. We do not have any cell know-how or cell manufacturing today. This is enabling us with a pretty robust LFP product portfolio for cell making. That product know-how is completely new to us.

In terms of the pricing in the China market, we agree that there has been a pretty sharp drop. According to our partners and others we talked to in the region, we do not believe that this price drop is a sustained drop. There is a glut of material availability right now and we are waiting to see how the situation evolves.

In terms of what is the advantage to us on cost, definitely on the capex deployment we believe having a partner is going to lend itself to a significant advantage. We will probably be able to build out at a better rate per gigawatt hour than we initially planned for ourselves. Having access to the partner supply chain will give us preferential rates to allow us to also procure our raw material more effectively.

We also believe there is going to be some upside definitely on our conversion cost. A lot of upside in terms of the financial numbers when we are running our operations, but of course final numbers are yet to be seen.

Kapil Singh:

Sure, so when can we expect a further update in terms of the capex plan? I assume that LFP requirements will be larger, right? So what are the timelines for this? And also for the customer orders, what could be the timelines for commencement of production and customer orders? It's a good time to help us understand that also?

Y Delli Babu:

Kapil, as you know as of now we have committed the NMC 2 gigawatt hour. I think the initial capacity for LFP, while we are working out the final details, the initial capacity of LFP could be anywhere around 4 gigawatt hour to 6 gigawatt hour to start with. Obviously we need to firm up that and then take the concurrence of our Board before we come back to you with the final details.

I think in the next month or so or maybe a couple of months, we will work out these details in terms of what is the initial capacity that we should aim for and how much capex that it would entail to and then what could be the ways to finance that in terms of capex. So I think we just need maybe a month or two to come back to you with the final details. We will update you as and when our Board verifies those details and gives a go ahead. As far as customer engagement is concerned, I will let Vikram answer that part of your question.

Vikramadithya G.:

Sure. So we have been engaging with the customers already over the past year or so in terms of getting ourselves into the market. We understand the requirements quite well. All of our customers have been responding to this news with a mix of optimism and curiosity. So we don't have an exact timeline on which we can bring the customer orders forward.

But we can only share that from the customer point of view, the technology that we sourced is very credible. It's already seen good results in the Indian market. It's there in some of the top moving platforms already on the passenger vehicle side as well as three-wheeler. So we are optimistic. So no exact timeline can be given at this time.

Moderator:

Thank you. We have our next question from the line of Raghunandan from Nuvama. Please go ahead.

Raghunandhan: Thank you, sir. And congratulations on the tie-up again. So firstly, for the LFP cylindrical and prismatic, the capacity coming up with Gotion support, can you indicate the focus areas, which categories in automotive, non-automotive segments will you be targeting?

Also can you talk a little about the royalty details, export opportunity for this particular partnership? And Gotion has some customer presence in India like Tata Motors. Can Amara benefit from these tie-ups? Can Amara get business, say, something like Tata Motors?

Vikramadithya G.: I may have to ask you to repeat some questions throughout. I lost a bit of track. But I think your first question was the end-user application that we're really targeting. We have a list of products that will be coming to market over the next three to five years. And in Phase 1, we are targeting mainly into the mobility markets. This is anything from your two-wheeler, three-wheeler, passenger vehicle. So mobility would be the initial focus of the cells we're taking in phase one.

And as we go into phase two, there are some other stationary applications. But I think I stressed that because we don't make the cells, doesn't mean we don't have access to the cells and the ability to make packs and energy storage systems. So all applications will be catered to, only that our initial localization plan is a little bit more catered to mobility.

I forgot a few of the questions, but I believe that you asked about exports. Like I said, we have broad export rights across multiple applications. Mainly, there are a couple of end-user applications that are restricted. And I think two things to keep in mind. We are adding anywhere from 16 to 20 gigawatt hours over this period that we're talking about and at a time where the world is adding 2,000 gigawatt hours.

So it's not that even if we want to broadly export that we have so much opportunity, Indian market also requires and there will be a shortage of capacity in the Indian market. And the partner also has facilities that they're building in other parts of the world. So reasonable restrictions is what we can say, but still able to largely cater to the applications that Amara Raja performs, it does today. I can confirm that there is a mix of an upfront technology fee and a royalty component. So numbers would be inappropriate to comment.

Raghunandhan: And the last part of the question was on Gotion's customer presence in India. And can Amara Raja benefit from that?

Vikramadithya G.: Certainly, from the technology credibility of Gotion, I think we expect that there will be a benefit that's accruing to us. As for the existing customers, I can't comment specifically. It depends on the plans. One of the customers you mentioned, of course, has their own plans to get into cell manufacturing. I don't believe that's changed. We're open to talking to all OEM customers. And I guess the only differentiator, we're offering a localized product with a defined timeline and roadmap. This is a non-exclusive arrangement. So of course we have those considerations.

Raghunandhan: Very helpful. Just a clarification, the 10 gigawatt hour plan, ROE of 12%, 13% was expected when capacity reaches 8 to 10 gigawatt hour with optimal utilization, say, for the capacity. So would this target remain despite payment of this royalty and technical fee?

Y Delli Babu: Yes, Raghu. As I mentioned in the earlier calls also, with a learned partner on our side, as Vikram was mentioning, there will be advantages that we will see in terms of the capex cost. And also

if we are able to get the right supply chain access through this arrangement, I think we should be able to meet some of the cost targets that we have in our mind. Obviously, we have to keep in mind the recent price drop that someone has alluded in this call as well.

So we still believe an ROC in that lowest double-digit is possible. But obviously, these are -- still I would say, we are in the initial days. We are holding on to those targets and then we are trying to align ourselves to those numbers. But any correction in that I'll have to come back to you and then update you on that. But right now we believe that it's still possible.

Raghunandhan: Great, sir. And the total land parcel is 262 acres in Telangana, which allows, as you indicated, 16 gigawatt hour in a 10-year timeframe. Can you indicate what could be the capex cost per gigawatt hour? Assuming INR600 crores per gigawatt hour, is it fair to assume INR9,600 crores investment at current prices? Also, if you can reiterate the investment plan for FY'25-'26?

Y Delli Babu: As of now, at a 16 gigawatt hour level, we are not attempting to change the numbers what we have earlier indicated to you. But as I mentioned earlier, there will be possibilities of some amount of saving in that. And if we were to bring better automated machines, which will help us in the conversion cost, then maybe those numbers might change here and there.

But we still believe broadly the numbers, what we have indicated we will be able to hold on to those numbers. But I think it is still too far away into the future. I'm sure many opportunities will come in terms of saving or maybe there could be higher capex that might be needed considering the changes that we will see in this segment. But we still believe we don't want to change the numbers that we have said earlier at this point of time.

Raghunandhan: Great, sir. Thank you so much. And I'll come back in the queue.

Moderator: Thank you. Next question is from the line of Ajox Frederick from Sundaram Mutual Fund. Please go ahead.

Ajox Frederick: Hi, sir. Thanks for the opportunity. Sir, what cell prices are you assuming for the lower double-digit ROCE expectations?

Y Delli Babu: Yes we are looking at in the range between 70 to 75 over the next 5 years, 6 years as sometime back Vikram was also alluding to the current price range of about 60, 65 may not be sustainable in the long run considering current supply. There is too much of supply on the raw material processing companies which is where there is a sharp reduction in some of these metal prices.

As demand stabilizes across economies, I'm sure there will be a challenge to continue to work at these numbers and you must be knowing a lot of Chinese players working at this price range are not really making much money. So I believe for our projection sake we looked at USD70, USD75 per kilowatt hour as a possible price range, But obviously we need to keep calibrating it to the realities of the market as we move ahead.

Ajox Frederick: Got it sir and capex per gigawatt hour will be 600 to 650 that range we are looking at?

Y Delli Babu: That we are trying to think about now, but as I mentioned earlier in the call I think these numbers will be subjected to change as we form up and negotiate and then plant designs will considering

the inputs what we will get, plant designs also will change. I think as and when there are some changes around those numbers we'll definitely come back to you.

Ajox Frederick: And sir does it broadly differentiate between NMC and LFP or that will be similar capex requirement per gigawatt hour?

Y Delli Babu: No, it may not be significantly different between one another, but I would say it depends on the scale at which that we are going to operate. For example, we believe NMC for the Indian market at this point of time, we believe is a 2 gigawatt hour is good enough, but NMC will be on the cylindrical form factor whereas LFP will have a different form factors coming in.

So from a chemistry point of view I don't think there could be a significant difference, but considering the size NMC is only a 2 gigawatt hour size whereas LFP is larger capacity there per gigawatt hour metric could vary.

Ajox Frederick: Understood sir. That's very helpful sir. Thank you for your clarification.

Moderator: Thank you. Our next question is from Sonal Gupta from HSBC. Please go ahead.

Sonal Gupta: Yes hi. Good afternoon and thanks for taking my question. So just for the first question was around the PLI scheme that you also applied for. So just wanted to check on the advanced cell chemistry. So does this I mean like will this LFP project qualify for that or have you applied for NMC project for PLI, just wanted to understand?

Vikramadithya G.: The product portfolio that we would be bringing with this partnership it does qualify within the PLI. And, of course, awaiting the results of that.

Sonal Gupta: Got it. And just the other question sorry I got disconnected in between with one thing in the beginning and one thing I caught towards the end was that you said that there will be a period for which the Gotion will be supporting you with improvement and modification. So just wanted to understand, I mean, is there a fixed period of some 5 years, 7 years, how does this work, arrangement work?

Y Delli Babu: Yes see as long as that there will be the initial technology pass-through will happen for certain period of time. So considering the Indian requirements if and when we need any minor tweaking or changes in the product that Gotion has agreed to help us. So there is no tenure as such. But I think as and when only specific to the Indian market, if there is any requirements in terms of minor modifications there we can rely on their existing capabilities.

Sonal Gupta: Got it, but there is no end date to this that royalty or I mean is the royalty for a certain tenure or something?

Y Delli Babu: Yes, obviously, all commercial proposals will have an end date. Not that I can share the specifics in this call, but we are assured of any suitable modifications for the product to the Indian market. To that extent definitely there are provisions to carry out those improvements with their help.

Sonal Gupta: Okay got it. Great. Thank you so much.

Moderator: Thank you. We have our next question from Vibhav Zutshi from JP Morgan. Please go ahead.

Vibhav Zutshi: Yes thanks for taking my questions and congratulations on the partnership. I think my first question is broadly on the industry how you are seeing trends evolving. Specifically your question that customers are seeing this with a mix of optimism and curiosity. So in the last couple of years we've seen that some of the OEMs have announced making cells in-house as well as partnering with some of the global suppliers.

But now that you have this partnership and the cost advantages is there some shift which is happening in the sense that OEMs are more bending towards localization and tying up with you and your peer? How do you see the industry evolving between OEMs procuring cells from pure cell manufacturers or doing it in-house?

Vikramadithya G.: I think it really depends OEM-to-OEM. Globally, we've seen that there are OEMs from the very beginning have always outsourced the cell and battery production. In China, I think that the norm is that all cells and battery in fact are sourced directly from battery makers. In different parts of the world you have large OEMs who have announced plans. Some have succeeded, some have not really gone ahead.

So as for us I think we're engaging with all and we're open to supporting with all we get if they want cells or packs or if they want to do it on their own, but I don't think there's any fixed model. But the market share globally for battery making still rests largely with independent battery makers.

Vibhav Zutshi: That's very helpful. And just a bit more on the capacity timelines and capex. So, from what I understood the initial 2-gigawatt hour is NMC and then you're looking at 4-to-6-gigawatt hour of LFP capacity within the next 2, 2.5 years. The capex of which is going to be announced maybe in the next couple of months. And overall, your target is 16-gigawatt hour for a total capex of INR9,500 crores. Could you just tell what is tentatively the timeline for reaching 16-to-20-gigawatt hour in the next 10 years? Is that a fair assumption?

Y Delli Babu: Yes. I think as we have mentioned in the earlier call, we expect the overall demand for India could be in the range of 130-to-150-gigawatt hour. Right now, while there are other opportunities that are emerging, I don't think we are attempting to change that number. And then that's how we affect our numbers to about 16-gigawatt hour over a period of 8 to 10 years. That's the range we have visibility to. But obviously, any capacity addition or fastening any capacity addition will only depend on clear market signals. These are certain, I would say goalposts that we expect that industry will emerge in that direction. But obviously, we have to be agile enough to change our plans according to all the demand scenarios.

Vibhav Zutshi: And just last follow up on this just on the PLI scheme, could you just tell where the status is right now? Because I think there's just been a bit of a delay. And also, what is the incentive in terms of benefit that one would get based on recent conversations?

Y Delli Babu: As you know, it's a competitive bidding. We have all submitted our bids. I think the technical bid is yet to get open. We expect that might get opened in the next maybe a month or so. I think because of the recent elections and all obviously, it would have got a bit delayed. I think we expect the technical bid to get opened maybe in the next month and soon after the financial bid should be open. So maybe in a month or two we should know who will be winning that PLI. As

far as the quantum of incentive is concerned it again depends on the player, how much they have quoted, what kind of discounts they have given. I don't think this is the right time to gauge that.

- Vibhav Zutshi:** Thanks a lot. Very helpful. I'll come back in the queue.
- Moderator:** Thank you. We have our next question from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh Mandlesha:** Thank you so much for the opportunity, sir. And congratulations on the new partnership for the new energy business. Sir, for two-wheeler and three-wheeler will the NMC which we are working would be independently developed and there will be no technology partner as of now, sir?
- Vikramadithya G.:** Just for NMC, you are correct. We are going with a separate arrangement to what we mentioned in the past. There is a different partner we are working with under a co-development model. But just to correct you, we communicated many times in the past that two-wheeler is the application that would require NMC. More three-wheeler today is predominantly running on LFP.
- Mumuksh Mandlesha:** Right. And so going ahead, since our focus would be on LFP because in NMC, as you mentioned, two-wheeler is the major technology there. So going ahead the focus would be on four-wheeler segment, sir.
- Y Delli Babu:** Can you repeat your question? Are you asking will LFP be our focus chemistry?
- Mumuksh Mandlesha:** Yes. Because LFP is mainly used in the four-wheeler segment, right? While the two-wheeler segment would require NMC technology. So going ahead, the focus would be largely on the four-wheeler segment, sir?
- Y Delli Babu:** From a chemistry point of view, earlier also we have said that our belief is that LFP will occupy almost 75%-80% of the overall requirements of the market and NMC will be a smaller portion considering the Indian requirements. And I think we are planning the capacities also in the same direction. While the applications could vary as Vikram mentioned NMC could be in the two wheeler side and the LFPs could be on the larger vehicles as well as industrial storage requirements, etc.
- Mumuksh Mandlesha:** Right sir. Volkswagen and M&M also has a partnership for the self-sourcing. How do you see that opportunity for us, sir?
- Y Delli Babu:** Sorry can you repeat the question?
- Mumuksh Mandlesha:** Volkswagen and M&M has a partnership for the self-sourcing. And since Volkswagen is a major holder in the Gotion so how do you see that opportunity for us, sir?
- Vikramadithya G.:** I think like any OEM we open the dialogue and see what's possible. I don't think that automatically opens the door for us because of any other engagements. But my understanding is that Mahindra will be buying the powertrain components from Volkswagen. It doesn't necessarily stop us from opening the door and attempting to sell cells separately.
- Mumuksh Mandlesha:** Thank you so much for the opportunity.

- Moderator:** Thank you. We have our next question from the line of Aditya Jhavar from Investec. Please go ahead.
- Aditya Jhavar:** Hi. Thanks for the opportunity and congratulations on the tech partnership. I understand that you mentioned that for capex we'll get more clarity in the next couple of months. But, in terms of your funding, arrangement, what are the options on the table? So, since this partnership is rooted through, European entity, is there an option of equity participation as well? What are the other options of funding on the table, sir?
- Y Delli Babu:** At this point of time, there is no equity arrangement that we are contemplating. Obviously, as I mentioned in the earlier calls as well, this will be funded through our internal accruals as well as the appropriate equity and debt mix for this venture. Obviously, there are multiple options available to us considering our balance sheet strength in Amara Raja Energy and Mobility.
- And also the attractiveness of the segment from the investor's point of view as well. So, I think we will create a right equity to debt mix considering the various other considerations that we have. And then we'll select the appropriate funding structures. So, I don't think I'll be able to share much details around it at this point of time. Maybe in due course, we'll let you know.
- Aditya Jhavar:** The second question is on margin. So post, your discussions with Gotion and looking at the current sell prices and probably some different arrangements that you would have thought with customers, how should we think about margin, in both LFP and NMC? As the capacity gets ramped up, EBITDA margin if you can throw some light?
- Y Delli Babu:** Yes, so I think at this point of time, as I mentioned earlier also, once we reach, let's say, 8 to 9 or maybe 10 megawatt hour is when we felt an operating margin level in the range of 11% to 12% is possible. Because we believe India, we can definitely meet the conversion cost targets in line with any international player. Whereas the material cost efficiency is something that we have to bank upon the experience and the access that our partner has.
- But considering these factors also, I don't think margins can go beyond that because going by the experience, what we have seen within the established players in China, I don't think to expect anything beyond that will be right at this point of time. But I'm sure as we scale up the operations, there may be additional opportunities that can come in.
- And then at that time, we can think about it. But even these numbers -- will have to be taken with a pinch of salt. And then we will have to find ways and means how to meet these targets. But going by whatever we have seen so far, this seems to be a reasonable target to work with.
- Aditya Jhavar:** Sure sir. And the final question is, sir, is there any exclusivity for both parties? So, can Gotion enter in partnership with any other company in India? And can Amara Raja enter into partnership with any other tech company for LFP batteries?
- Vikramadithya G.:** So what I mentioned earlier the agreement is largely non-exclusive. Though maybe what I should have clarified, there are specific part numbers with which we have exclusivity in India. Specific part numbers that we believe are going to be a unique product offering that we both agreed on exclusivity terms.

Barring that, yes, we are both free to work with other people. And, I think one thing I would add is the portfolio that we are taking from Gotion is a pretty wide encompassing, complete portfolio that I think covers the bulk of Indian market requirements. And while others may be free to license that technology, I think industrialization is the real key execution. And I believe Amara Raja definitely has the edge over other potential partners.

Aditya Jhawar: Sure. That's it from me. All the best. Thank you.

Moderator: Thank you. We have our next question from the line of Abhishek Jain from Alfaccurate. Please go ahead.

Abhishek Jain: Thanks for the opportunity. Sir, the company has taken 9% stake in InoBat. So, what is your strategic plan for taking this stake? And what potential do you see in this business?

Y Delli Babu: Yes you see as we have mentioned earlier, InoBat is one of the partners in the cell factory that Gotion is setting up in the Slovakia country. And we have invested in InoBat about 2 years ago in their series B. And they are also working on some high-powered cell which are used for eVTOL application and some fast cars, etc.

So, there are certain customers with which they are working. So, while Gotion is more focused on the large-volume products in LFP chemistry, there are certain specialized products on which InoBat is working. And they are also working on the NMC chemistry as well. So, in that way, our initial talk with them was more towards the technology what they are also working on.

So, this will also put in the door in the European ecosystem as well. And also, this whole venture got facilitated, through our relationships with InoBat as well. So right now, the idea is to engage with them as well with the participating in the series B investment that they have proposed. That's about it. I think from here, what is the future and all, I think the businesses have to scale up. And then at an appropriate time, we will take those calls.

Abhishek Jain: And sir, replacement demand of the lithium-ion batteries will come in the next 3 years to 5 years, which will include 40,000-45,000 per vehicle in the 2-wheeler side and INR3-INR4 lakhs in the 4-wheeler side. So will it be catered by the OEMs only? Or it will be a big opportunity by companies like Amara and Exide in the next 3-5 years?

Y Delli Babu: I think as Vikram has explained in one of the earlier questions that world over, there are battery makers who are actually having the larger role to play as far as the batteries are concerned. And there are OEMs in India who have expressed that they would like to have their own cell manufacturing facilities as well.

But I think still we believe core battery manufacturers will have a larger share of the market and they will play a key role by closely working with the automotive OEMs. That's how world over things are happening and we believe India may follow the same suit.

Abhishek Jain: Okay. And my last question on that. You said that the cost would be around \$70-\$80 in the longer run. Is it including the battery packaging or it's only for the manufacturing?

Y Delli Babu: At the cell level.

- Abhishek Jain:** And what ROCE would be if that would be 8-10 Giga Watts of skills?
- Y Delli Babu:** As I mentioned in my earlier call, this has to be caviated with a lot of riders. So we believe around 11%-12% ROCE is possible. But obviously much has to be learned and then achieved in the next 5-6 years for us to clearly say that yes, that is the possibility of the number. But this is our expectation, our target at this point of time. But as I mentioned earlier also, this has to be caviated with a lot of riders.
- Abhishek Jain:** Thank you. That's all from my side.
- Moderator:** Thank you. We'll take our next question from the line of Jeetendra Khatri from Tata Mutual Fund. Please go ahead.
- Jeetendra Khatri:** Yes, sir. I had this very broad question on the potential of lithium-ion as an industry. So do you think as a business model, there is a chance of we being able to replicate the lead-acid model?
- Moderator:** I'm sorry his line is disconnected. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to management for closing comments. Over to you.
- Vikramadithya G.:** Thank you everybody for joining today. We generally just do these calls after the quarterly results are announced. So we felt this was significant. And I'm sure you had a lot of questions. And even after PR and all, we wouldn't have been able to answer all of them very deep and inquisitive questions.
- So we always appreciate the opportunity to reach out to you. I hope we've done our best to answer your questions and look forward to maintaining this touch with all of you. That's all from my end. Thank you so much.
- Moderator:** On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.