

November 12, 2025

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 November 3, 2025, the transcript of the Earnings call held on November 7, 2025, is enclosed herewith and the same will also be 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
(Formerly known as Amara Raja Batteries Limited)

Vikas Sabharwal
Company Secretary &
Vice President - Legal

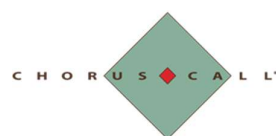


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**“Amara Raja Energy & Mobility Limited
Q2 FY '26 Earnings Conference Call”**

November 07, 2025



**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. JOSEPH GEORGE – IIFL CAPITAL

Moderator: Ladies and gentlemen, good day, and welcome to the Amara Raja Energy & Mobility Limited Q2FY '26 Earnings Conference Call hosted by IIFL Capital Services 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 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 that this conference is being recorded.

I now hand the conference over to Mr. Joseph George from IIFL Capital. Thank you, and over to you, sir.

Joseph George: Thank you, Sarthak. Hello, everyone. On behalf of IIFL Capital, I welcome you all to the 2Q FY '26 Results Conference Call of Amara Raja Energy & Mobility Limited. From the company, we have Mr. Y. Delli Babu, Chief Financial Officer; and Ms. Swajitha Rapeti, Head, Corporate Finance. Now I'll hand over the call to the management for opening remarks. Over to you.

Swajitha Rapeti: Hi. Good evening, everyone. Thanks for joining the call. I'll give a quick brief of the performance of Q2. During Q2, the total consolidated revenue stood at INR3,467 crores, which is a growth of around 6.5% over the previous year, out of which lead acid business contributes to around 95% and rest comes from New Energy business.

Lead acid business registered a revenue of INR3,297 crores during Q2, which is a growth of around 5% on Y-o-Y basis. The revenue growth is supported mainly by robust OEM demand across 4-wheeler and 2-wheeler segments. OEM volumes have grown about 30% during the quarter on a year-on-year basis, whereas the aftermarket volumes remained stable across product segments on account of procurement delays following the revision in GST rates.

International volumes have remained flat with no growth compared to previous year on account of tariff uncertainties. However, this is expected to recover in the subsequent quarters. With respect to the other applications, Lubes continue to gain momentum in the market, and we have achieved a revenue of INR50 crores during the quarter.

Lead acid industrial volumes have degrown during the quarter by around 11% over the previous year, primarily on account of decline in telecom volumes. While the lead acid telecom volumes are declining, the lithium telecom volumes have registered substantial growth during the quarter on a Y-o-Y basis.

With respect to UPS, the volumes have grown by around 5% during the quarter. With respect to the New Energy business, the Q2 delivered healthy quarterly performance with a revenue of around INR170 crores, which is a growth of more than 50% compared to previous year. This growth is supported by increased demand for telecom packs and chargers. Telecom volume grew substantially with 150 megawatts of supply, whereas 3-wheeler volumes remained largely stable during the quarter.

Further, we also commenced supplying 3-wheeler packs with LFP cells during the current quarter. While we continue to supply off-board chargers, AC and DC chargers order book had crossed 5,000 numbers. And during Q2, we infused INR350 crores into Amara Raja Advanced Cell Technologies, which is the lithium subsidiary. And with this, the overall investment is now at around INR1,200 crores.

Coming to the profitability, the stand-alone operating margin stood at around 12%. However, if we adjust the lithium telecom batteries, the margins would be around 12.4%. Though the margins have improved by 0.5% on quarter-on-quarter basis, they are subdued on a year-on-year basis, primarily due to provisions with respect to higher warranty expense and EPR liability provisions.

Amara Raja is running a battery collection program over a period of years. And today, we are able to collect 75% to 80% of the batteries sold. As per the BWMR regulations from the current financial year, we have an obligation to collect 90% of the batteries sold 3 years ago. This percentage was 70% till last financial year, and we met our obligations.

We are also buying our EPR credit wherever there is a shortfall, and we anticipate the demand for this EPR certificate may go up in future. Hence, on a prudent basis, we have provided for EPR credit cost in our books based on our revised estimates on scrap collection program. Going forward, as we ramp up our collections, provided the scrap recycling price is competitive with the LME rates, these provisions may come down or even may not be required. Hence, in the current quarter, there is an overall impact of around INR35 crores.

With respect to the capex outlay during the H1 at a consolidated level, we spent around INR650 crores between New Energy business and lead acid business. For the full year, we are expecting a total outlay of INR1,400 crores to INR1,500 crores with a major outlay towards New Energy business during H2. So that's a brief on the Q2 performance. We are happy to take any questions.

Moderator: Thank you very much. Our first question comes from the line of Raghunandhan N. L. from Nuvama Research. Please go ahead.

Raghunandhan N. L.: Good to see the strong performance in the New Energy business. Sir, firstly, on the volume growth for the Lead Acid Battery, can you share some numbers for 4-wheeler, 2-wheeler, how is the OEM replacement export? And also on the industrial side, how much is the growth?

Swajitha Rapeti: With respect to the OEM volumes, there has been a strong demand. It has grown by around 30% during the quarter, whereas the aftermarket, on the 4-wheeler side, was pretty stable. We didn't find much of a growth over there on account of this GST rate revisions. And whereas on the 2-wheeler side, there is a slight growth of around 1% to 2%.

Coming to the industrial volumes, the telecom volumes have seen a decline by around 35%--because of the lithium migration, , whereas the UPS has grown by around 5%.

Raghunandhan N. L.: And OEM volume, 30%, this is for 4-wheeler or 2-wheeler?

Swajitha Rapeti: Both have grown at a similar rate.

Raghunandhan N. L.: Got it. And also in terms of EPR credit cost, which you indicated at INR35 crores, would this sustain at these levels for coming quarters? How do you see this panning out?

Y. Delli Babu: No, no, Raghu. I think this is a onetime cost that we have factored considering what could be the total liability till date. We expect as we have explained in the opening remarks, almost 75% to 80% of the total target we are able to collect through our regular scrap collection program that we are running. So since until last year, there was no problem.

And this year, the number has gone up to 90%, while we hope to achieve even the 90% collection as well, but the prudence in the accounting demands that if the existing run rate were to prevail in the future and also considering the fact that the EPR certificate cost is also expected to increase in the future depending on the demand from other competitors as well, which is where we have taken a one-time provision of about INR35 crores in this quarter.

But going forward, the impact on a monthly basis will not be more than INR1 crore depending on the sales volume. So this is not going to be a recurring expenditure. But once for all, we have estimated the provision and then we have taken it. And if the scrap prices were to be competitive enough so that we get in comparison with the LME procurement, even this provision may not be required in future. But as a prudent measure, we have taken in this quarter.

Raghunandhan N. L.: Got it, sir. So if I understand correctly, in stand-alone reported margin is 12%. Adjusting for EPR, it would have been 13%. And also that lithium business cost, if I adjust for that, it will further increase by another 40 basis points, 13.4%. Would that be the right understanding? And just continuing...

Y. Delli Babu: If we take out the lithium trading revenue out of the stand-alone books, then naturally, you will see that but for the EPR and the trading revenue, what you said is absolutely right.

Raghunandhan N. L.: Got it, sir. And sir, earlier you had explained that you have triggers like the tubular plant will go to full capacity in Q3 and the power cost issues will get resolved and also the recycling plant will be up and running in Q4. How do you see the benefits to the margin given these 3 initiatives going forward?

Y. Delli Babu: As I mentioned earlier, Raghu, I think tubular manufacturing impact will only be felt in the next season. Obviously, now I'm taking some depreciation expenses because commercial production, has just commenced. And obviously, the volumes will be subdued in this quarter per se. In Q4, I'm sure there will be volumes that are coming up from this. So manufacturing revenue should definitely help us improve a bit of margin. While I have given earlier the indicative margins, but I wouldn't want to give an absolute number in this call.

The power issues also to a major extent, got resolved, except for the electricity duty issue, which is currently subsidies. We hope some resolution will be found sometime towards the beginning of next year. The scrap recycling battery breaking operations right now, we are expecting that we will commence sometime in the month of January.

So once the plant stabilizes and if we are able to improve the recovery beyond what we are getting today, it should definitely be margin accretive on the operating side. But I would like to discuss the specific numbers once these actual operations kick in.

Raghunandhan N. L.: Got it, sir. One more question before I fall back to the queue. Sir, capex in first half is around INR400 crores in stand-alone. How much will be the full year capex? And lithium investment so far is INR1,200 crores, how much more will be invested in FY '26 and FY '27...

Moderator: Ladies and gentlemen, please stay on hold. The management has disconnected. We will reconnect the management and continue the call where we left off.

- Raghunandhan N. L.:** Should I repeat the question?
- Moderator:** Yes, sir.
- Raghunandhan N. L.:** Sir, just quickly on the capex side, INR400 crores was the investment in H1 in stand-alone business. What would be the full year capex on Lead Acid Battery? And lithium investment so far is INR1,200 crores, how much more will be invested in FY '26 and FY '27?
- Y. Delli Babu:** Raghu, on the lead acid side, this INR400 crores includes even the tubular battery capex that we have invested. So on a full year basis, lead acid net off the tubular investment, we should be around INR500 crores to INR600 crores because we are investing some money on a couple of line expansions and also some of the factory of the future digital initiatives.
- And as far as New Energy is concerned, we may have to spend another INR600 crores to INR700 crores during the year because all 3 projects, which is ePositive Labs and CQP as well as the first gigafactory are now running in full speed. And in fact, the equipment installation is going on with respect to the ePositive Labs and CQP.
- Since next year, there will not be much of an additional capex from lead acid point of view, we may fall back to a level of about INR350 crores to INR400 crores of maintenance and other small debottlenecking capex in lead acid and probably we'll need to spend about another INR1,000-odd crores in the next year. But these efforts will vary based on what is the pace at which these projects get implemented.
- Moderator:** Our next question comes from the line of Aditya Jhawar from Investec.
- Aditya Jhawar:** A few questions on the lithium-ion business. So the recent announcement from China restriction on equipment used for lithium-ion cell, are we seeing any impact or deferment because of that?
- Y. Delli Babu:** See, there is a Chamber of Commerce guideline as to which machinery they should not export and which machinery they can. But again, a couple of days back, there was an announcement again to postpone the deadline if I remember correctly, the original deadline was 8th November.
- There is also a talk about postponing the deadline as well but to the extent of the machinery that we have ordered so far for all the 3 projects, we don't see a challenge. And if at all, there are going to be any challenges, we are also exploring alternatives from other geographies as well.
- So at this point of time, while there could be some minor delays because it is not a blanket ban on exporting those machineries, but it is more of getting certain clearances from certain agencies in that country so that they can still export. So that way, while there could be some delays, I don't see a major challenge in terms of not being able to procure a machinery for any of the orders that we have made so far. But there can also be alternatives in other geographies.
- Aditya Jhawar:** Sure, sir. My sir, second question is, in our presentation, we speak about that NMC capacity of 2 gigawatt will come in first half of '27. And then it talks about directly the second capacity expansion directly in 2030. In between, when can we expect LFP? And if you can just explain the time line from now till 2030 in different phases of expansion?

- Y. Delli Babu:** See, there are internal time lines that have been discussed, but I'm unable to put a specific time line now considering the various product demand discussions that are happening. While, we expect that there could be a year delay between NMC launch as well as LFP launch. But I will come back to you with the specific dates in the coming quarters.
- But at this point of time, I'm unable to give you a phase-wise LFP capacity addition. We just need some more time and then -- there are certain demand discussions that need to fructify so that I can give you the proper timelines, but I'll be needing some more time before I confirm that to you.
- Aditya Jhawar:** Sure, sir. Now sir, just one clarification. On the capex front, you mentioned that in FY '26, our capex, excluding tubular expansion would be INR500 crores to INR600 crores. And including tubular, what would be that number, sir?
- Y. Delli Babu:** I think I thought I said INR600 crores including tubular.
- Aditya Jhawar:** Including, fair enough, fair enough, fair enough. Sir, final question. So far, about INR1,200 crores we have invested in lithium, and you gave a number of INR1,000 crores to be invested in next year. In FY '26, what would be the incremental investment, I mean, for FY '26 in lithium-ion sir?
- Y. Delli Babu:** In the subsidiary, we have invested so far INR1,200 crores. They still carry a cash of around INR250-odd crores with them. So I may have to invest another INR500 crores during the current fiscal for them to spend that INR600 crores, INR700 crores kind of a capex this year. And thereafter, in the next year, I need to do the balance.
- Moderator:** The next question comes from the line of Kapil Singh from Nomura Holdings.
- Kapil Singh:** My first question is on the demand side. You mentioned that there is 30% growth in the OEM side. Can you just give some color here as to what could be the reasons for that? Because obviously, the underlying market hasn't grown at that pace and how to think about it going forward? And also what percentage of revenues for you come from telecom and UPS segments?
- Y. Delli Babu:** See, between telecom and UPS today, we get about 20% of the total revenue. Of course, there are other segments like railways and power control. I'm talking about the overall lead acid industrial volumes. As far as OEMs are concerned, we had some good traction in some of the OEMs.
- And also there was a production ramp-up that was there during the month of September for the festival season, et cetera. So that's where we have seen a good uptake happening in the OEMs. While the specifics around each OEM is something that we are not discussing in these calls.
- Kapil Singh:** No, I understand. I'm not looking for specifics on the OEMs, but just to understand because the growth is much more than the underlying industry growth, is it something that you expect will continue going ahead? Or should we expect a little bit higher growth than industry? How to think about this?

- Y. Delli Babu:** No, no, no, Kapil. I think these are more of -- you know there were certain ramp-up that was done by the OEMs considering their festive season and also the GST rate reductions. That was one of the reasons that has increased the number substantially. But I don't see that this momentum will continue in the coming quarters as well. We'll again fall back to the normal growth rates of all OEMs.
- Kapil Singh:** Okay. And sir, we have seen lead prices going up. Is there any pricing action by the company as well? Or anything expected there?
- Y. Delli Babu:** As of now, no, Kapil, but we'll -- because again, while we are seeing 2,000 LME, again, we expect that it will again come back. But rupee has been behaving in a little volatile manner. But as of now, we are yet to take any pricing action in the aftermarket.
- Kapil Singh:** Sure. And sir, on the lithium ion business, just one question. How have been the imported cost for LFP NMC? Is there any change from last time or they have stabilized? And for our cell facility, is there a risk for sourcing raw materials also in future? How do you think about that risk? Because raw material may be getting sourced from China in future, right?
- Y. Delli Babu:** Yes, yes, yes. See, as of now, the cost-effective solution- supply chain for raw material is clearly from China. I don't think there are enough and many alternatives for it. Geopolitical issues with respect to ban on some of the material is something that we keep hearing.
- But as such, on the raw material side, we should not have a significant challenge because of the kind of excess capacity that got created. I think over a period of time, things should normalize. As far as cell prices are concerned, we have seen a marginal increase of maybe \$1, \$2 here and there. But by and large, they remain more or less the same as what we have seen in the earlier.
- Moderator:** The next question comes from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.
- Vaishnavi Gurung:** My first question is on the UPS business side. So on the data center side, how do we expect the UPS business to grow going ahead on an annualized basis?
- Y. Delli Babu:** See, our industrial UPS applications, they vary not only from data centers, but also various other power control installations. and other financial services companies for their ATMs, et cetera. So that way, data center business today in India, if you see, there is a clear migration towards the lithium solution than of a lead acid solution.
- While in some abroad markets, we still see that UPS batteries on lead acid chemistry are still being used. So that way, data centers will definitely be helpful in getting the volumes on the lithium side, but lead acid requirements on the UPS side might be growing in a very slow pace.
- Vaishnavi Gurung:** So sir, on the lithium side, if you can help us with the annualized growth numbers for UPS.
- Y. Delli Babu:** Right now, we don't supply any UPS batteries on lithium chemistry. Currently, our supplies of lithium is more for telecom storage segment. And the other segments like BESS and UPS or even the home lithium solution, these are all under development now. So hopefully, at some point of time in future, we'll be able to present those products to the market.

- Vaishnavi Gurung:** Sir, my second question is on the new age business. With respect to the telecom side, do we see any competition on that business?
- Y. Delli Babu:** Yes. Telecom lithium business has more competition than the lead acid telecom business because in lead acid telecom, we are only 3 players, whereas in the lithium pack side, there are more than 6 to 7 players. But I'm sure not all of them are having plans for putting up their own cell capacity. So that way, at the pack level, the competitive pressure is definitely higher than what it is on the lead acid side.
- Vaishnavi Gurung:** Okay, sir. One follow-up question on the telecom side, do we expect to maintain our market share of 50% going ahead in the new age business in telecom side?
- Y. Delli Babu:** Yes. On a combined basis, even today, we have a substantial market, but I'm sure with the number of players that are there in the lithium side, it may marginally come down, but we will still be a very significant player in the telecom business because we are having a very good market share even on the lithium side. As we have mentioned earlier, in the current quarter, it has crossed the supplies of more than 150 megawatt hour.
- So I think we should, in the long term, maintain the same level of market shares what we used to maintain in the lead acid. But in the interim, owing to higher competition, we may have to see some level of reduction in the market share, but I'm sure we'll pull it back.
- Vaishnavi Gurung:** Sir, my last question is on the revenue side, consolidated for FY '26, if you can give any guidance on that?
- Y. Delli Babu:** No, we have not been giving any specific guidance on the revenue. Basically, the growth rates across industries, what we have discussed in the earlier calls, we believe will be sustained in the next year as well. We expect the Lead Acid Battery revenue to grow anywhere between 8% to 10% in the next year as well. But I don't have a specific guidance number for you.
- Moderator:** Our next question comes from the line of Saurabh Kachhawa from IndusInd General Insurance.
- Saurabh Kachhawa:** I wanted to understand your aspiration or guidance for the EBITDA margins for each of the business verticals.
- Y. Delli Babu:** At the entity level is what we definitely aspire on a run rate basis from here to move to a 13% EBITDA margin. And considering the higher lead base that we are currently operating at close to INR210,000 we will have to first reach the first milestone of 13%. And thereafter in the long term, I think we should again move back to our original EBITDA margin of 14% over a period of time. But that may take some more time before the internal efficiency projects which are currently running and also the other initiatives on recycling and tubular manufacturing to come into full force. So it will take some more time. But idea is, again, we move back to our original margin 14%, even at elevated level of INR210,000.
- Moderator:** Our next question comes from the line of Mihir Vora from Equirus.

- Mihir Vora:** Sir, basically, in the opening remarks, it was mentioned that you had took some warranty provisions. So one is, can you quantify the same? And whether what are the warranty provisions regarding -- and why would they be elevated in the quarter currently?
- Y. Delli Babu:** Yes. See, we have increased the overall warranty offering on the products some time ago. And then we are seeing that there is a bit of an increase in the overall actual replacements that we are currently making.
- When we see that there is an upward movement in the actual replacements, we tend to generally provide for it on an estimation basis for future also because these estimates have to be altered as per the accounting norms on a quarterly basis. That is where some level of expenditure was taken. While I don't immediately have the exact number, that was also one of the reasons why there is a quarter-on-quarter increase in the overall expenditure.
- Mihir Vora:** So just a follow-up on that. Like so for next few quarters, we may see this provision to be a higher number as such? Or how are we looking at like till how many quarters we may see the pain?
- Y. Delli Babu:** We may have this challenge for at least next couple of quarters at this point of time. I think because we have also completed beefing up of the product as well to meet this kind of higher timeline as well. So that way, I think we may have a challenge for next couple of quarters and thereafter, it should again come back to normalcy.
- Mihir Vora:** All right. Okay. Okay. And second, sir, like we mentioned in the presentation that we are going ahead with an NMC capacity. But now many OEMs, both in the 2-wheelers and PVs like PVs is already LFP, but 2-wheelers are talking about getting into an LFP pack also. So how easy it is to convert a facility from NMC to LFP? Or how are we looking at things going ahead? Just some light on what we are seeing on the customer traction side there.
- Y. Delli Babu:** Though there is a constant effort as we have mentioned in the opening remarks that even in 3-wheeler applications, there are OEMs who are asking to move to the LFP chemistry, but we still believe -- there will be some portion of both 2-wheelers and 3-wheelers, which would still require an NMC chemistry. That is the reason from the beginning, we have been saying our NMC capacity will not cross beyond 2 gigawatt hour.
- And even in case if there is a challenge because this being a cylindrical form factor with some bit of an incremental capex, while I'll not be able to quantify that capex number, we can still move to an LFP cylindrical form factor. So that way, it is not going to be taxing on the capex. But we still believe that the overall demand potential for NMC will remain good enough for us to sell this capacity of 2 gigawatt hour.
- Moderator:** The next question comes from the line of Rishi Vora from Kotak Securities.
- Rishi Vora:** Firstly, just on the quarter, on a sequential basis, we have seen a sharp increase in gross margins. So what has led to such an expansion? And because you highlighted that OEMs have done well. So assuming that, that would be margin dilutive at gross level. So what has happened over there? And can you also comment on the antimony prices where it is? And how do you expect it to trend in the coming quarters?

- Y. Delli Babu:** Yes. For Antimony prices, we have seen at least about 10% reduction from where they were earlier. That definitely has helped us. And in this quarter, we also had some level of cheaper lead inventory with us that also kind of helped us. And in the aftermarket, the product mix was a little favorable to us.
- That's where there is that gross margin improvement that you would have seen compared to the previous quarter, you would have observed a 2%, 2.5% improvement in the material cost side of it. That is also to do with the amount of trading batteries reduction compared to the previous periods because we have extinguished the tubular inventory of trading batteries. That is also a reason why there is an improvement in the gross margin.
- Rishi Vora:** So next quarter, we should see some inflation on account of higher lead procurement cost?
- Y. Delli Babu:** Yes, yes, yes. That's what earlier also somebody asked in the call if we have taken a pricing correction. But right now, we are seeing that a bit of an elevation in the lead, but we will see those cost trends for some more time and then see there is any reason to intervene in the market with the prices.
- Rishi Vora:** Understood. And sir, just a clarification on EPR. This INR30 crores impact which you talked about, is this pertaining to previous quarter? And can you just give us how does it work like the EPR implication as in do we need to -- like how much we are procuring it from outside and how much we are internally doing it? Any color on that?
- Y. Delli Babu:** So as I mentioned, of 90% of collections that we need to do, we actually do about 75% to 80%, the overall shortfall could be anywhere around 10%, which I think we should be able to ramp up the collection. But considering wherever there is a shortfall, we need to buy the EPR, the provisioning demands that if we continue with our earlier trend, then we need to see what is the shortfall and then create a provision for that shortfall.
- Again, from a cost of EPR point of view in the future, it may increase. So we have to estimate what could be the possible cost of EPRs for the future. And then accordingly, whatever the expected shortfall in the collection that we need to provide for. But if we are able to improve the collection in the coming quarters, again, this provision can be written back to the books.
- Rishi Vora:** And by collection, you mean sourcing it internally, is it?
- Y. Delli Babu:** Correct. Sourcing the scrap from the channel directly and getting it reprocessed. So if we can improve because generally, we need to collect whatever batteries that we have sold in the last 3 years, during the current year.
- Rishi Vora:** Understood. Understood, sir. And just lastly, I don't know whether it was shared or not, but any timeline on when we are -- when we'll be commencing our Gigafactory? It is the commercial production? Any indicative timeline which you have shared?
- Y. Delli Babu:** Yes. We have shared saying that we will be doing it sometime in H1 of calendar year '27.
- Rishi Vora:** So that still remains unchanged?
- Y. Delli Babu:** Yes.

- Moderator:** Our next question comes from the line of Joseph George from IIFL Capital.
- Joseph George:** I have a couple of questions. One is you mentioned that the aftermarket segment was disrupted because of the whole GST transition. What I want to understand was before the GST cut announcement, were the sales trending at the same level in terms of growth as you were seeing in the preceding quarters, mid- to high single-digit kind of a growth? And only after the GST cut announcement, the sales was disrupted?
- Y. Delli Babu:** No, it is more to do with the stocking patterns of the retailers because nobody wants to have particularly those retailers who are on composition scheme or out of the GST net, they would like to keep the minimum stock because the MRP will be with the 28% GST. And that's the reason there is a tendency at the retailer level to minimize their stock so that they will not be burdened.
- So if I leave that aberration that has happened towards the second part of September, we have seen, a reasonable growth in the aftermarket side, like you said, from the mid-single digits to high single digits.
- Joseph George:** Understood, sir. Sir, the second question that I had was in relation to the tubular plant. You mentioned that commercial production has started. Just want to understand, in this quarter, were there any revenues from the tubular plant? And I mean, irrespective of whether the answer is yes or no, should we expect a full ramp-up starting with the third quarter?
- Y. Delli Babu:** Yes. As I mentioned, the overall the tubular revenues from next quarter onwards will be only from our manufacturing business.
- Swajitha Rapeti:** Yes. I think the capacity from this quarter, will be ramped up. So the earlier quarter, there were some manufacturing revenue, but the full capacity revenue will come up from the third quarter.
- Moderator:** Our next follow-up question comes from the line of Vaishnavi Gurung from Craving Alpha Wealth Fund.
- Vaishnavi Gurung:** My question is on the demand side. Like how are we seeing the demand from our OEMs post the GST and how sustainable do you think this is?
- Y. Delli Babu:** See the -- during the period of the rate cut announcement, there was definitely a higher demand that has come up. But again, I think right now, it has come back to the original levels what we have seen in the Q1 of this financial year. I don't have immediately a number to tell you what is the growth rate, but we believe it has come down to the earlier quarter 1 levels, but the growth momentum what we have seen in Q2 may not sustain in Q3, but we will still see some growth numbers in Q3, but it may not be to the order of what we have done in Q2.
- Vaishnavi Gurung:** Okay. Sir, one last question from my side is on the New Energy business, which was currently contributing approximately 4%. So given our current expansion and capacity expansion that we are taking on the new energy business, how do we see the contribution going ahead?
- Y. Delli Babu:** See the revenue from New Energy has to be seen in 2 separate baskets. One is the packs and chargers revenue. The other is the cell revenue. Cell revenue obviously will take some time

before we start the commencement of the commercial production. We expect that we should actually move to a 5% kind of overall revenue share for the New Energy by end of this financial year. Maybe next year we have plan to go as what we are thinking right now, to at least move to a 7% to 8% kind of a number.

Vaishnavi Gurung: Sorry, sir, I missed 7% to 8% for this year?

Y. Delli Babu: For the next year, for FY '27.

Moderator: Our next question comes from the line of Meet who is an individual investor.

Meet: Am I audible and loud and clear?

Y. Delli Babu: Yes, we can hear you.

Meet: Sir, I want to know that since 2015, we were not able to create substantial wealth for the investor. So because of the low sales growth percentage, either you can say the top line and the bottom line. So I want to know that are you willing to just focus on single-digit sales growth only throughout the years? Or what is the management reason to improve this at least for 15% or 20%, let's say, higher double-digit growth so that your investor can be beneficial. And this is one thing.

And as we came to know that now the government focus is also mainly on the electrical 2-wheelers, 4-wheelers and all the electrical-related equipment, either it is a battery storage system or transportation of electricity from one place to another. So everywhere the battery segment is going to be utilized. So why don't we mainly focus on to expand it is better not to focus to extend our facility, but it will be good if we market ourselves in such a way that our revenue can be increased. So how we are planning to improve this thing?

Y. Delli Babu: Yes. On your second part of the question basically, we are getting into the new energy business and doing the 2-wheeler and 3-wheeler pack revenue already. If you remember, last year, we clocked a revenue of INR500 crores on the New Energy business. And even in this quarter, the New Energy revenues have grown substantially over the previous year. And we are already having the lithium battery packs sales both for 3-wheeler and 2-wheeler applications, along with storage applications like telecom.

Now as far as emerging segments that you have alluded to in terms of energy storage systems, battery energy storage systems (BESS), we are currently working on those products. And we will be coming to the market with those solutions, both at the grid level as well as at the C&I level and also at the home level. So there is an effort going on to even develop the home lithium solution as well.

So considering the lead acid industry, the way it is growing and in the last 10 years, our revenues have grown on a CAGR of close to 12% to 13%. Of late, considering the large base and also India being a 2- or 3-player market, there is a growth that we are actually doing beyond the industry growth rate as well. Our market shares across all products have been continuously improving.

And we will continue to deploy more amount of resources to enhance our international business. If you look at current quarter, our international revenues are almost 14% of our total revenues. So there is a very clear effort to do the lead acid battery business with a higher efficiency and also achieve growth rates in lead acid business by focusing on markets where we can deepen our presence or broaden our presence.

At the same time, we are investing decent amount of money behind the new energy business where we are trying to increase our pack revenue. At the same time, invest into cell capability because we are not simply trying to remain as a pack maker.

We want to develop the capabilities to develop any cells that are required by the Indian market, which is why we are investing behind the capability development. So in the long term, the company looking at a good growth both in the lead acid as well as the lithium batteries.

Moderator: Ladies and gentlemen, we will be taking that as our last question for the day. I now hand the conference over to the management for the closing comments.

Y. Delli Babu: Thanks for your time, everyone, and see you next time.

Moderator: On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.