

Amara Raja Batteries Limited
Transcript of the 38th Annual General Meeting (“38th AGM”) held virtually via VC/OVAM¹ on
Saturday, August 12, 2023
03:00 P.M.IST to 05:05P.M. IST

Participants of the Company

Mr. Jayadev Galla

Chairman, Managing Director & CEO

Mr. Harshavardhana Gourineni

Executive Director

Mr. Vikramadithya Gourineni

Executive Director

Mr. N Sri Vishnu Raju

Independent Director & Chairman of AC², NRC³, RMC⁴

Mr. T.R. Narayanaswamy

Independent Director & Chairman of SRC⁵

Mrs. Bhairavi Tushar Jani

Independent Director

Mr. Annush Ramasamy

Independent Director

Mr. S Vijayanand

President – New Energy

Mr. C. Narasimhulu Naidu

Chief Operations Officer

Mr. Y Delli Babu

Chief Financial Officer

Mr. Vikas Sabharwal

Company Secretary

Other Senior Management team, Partners of Joint Statutory Auditors, Secretarial Auditors, Scrutinizer and Shareholders.

¹ Video Conference & Other Audio Video Means

² Audit Committee

³ Nomination & Remuneration Committee

⁴ Risk Management Committee

⁵ Shareholders Relationship Committee

Moderator: The 38th AGM is now live, over to Mr. Vikas Sabharwal, Company Secretary.

Vikas Sabharwal: Thank you. Good afternoon ladies and gentlemen. I hope you and your entire family are safe and healthy. It gives me immense pleasure to welcome you all to the Amara Raja Batteries Limited 38th AGM, which is being held via VC/OAVM in accordance with the provisions of the Companies Act as well as in accordance with the circulars issued by Ministry of Corporate Affairs (MCA), Securities and Exchange Board of India (SEBI).

I would like to welcome and introduce the directors and other dignitaries who has joined us for the 38th AGM.

Mr. Jayadev Galla, Chairman, Managing Director & CEO

Mr. Harshavardhana Gourineni, Executive Director

Mr. Vikramadithya Gourineni, Executive Director

Mr. N Sri Vishnu Raju, Independent Director and Chairman of AC, NRC & RMC

Mr. T.R. Narayanswamy, Independent Director and Chairman of SRC

Ms. Bhairavi Tushar Jani, Independent Director

Mr. Annush Ramasamy, Independent Director

Mr. S. Vijayanand, President- New Energy

Mr. C. Narasimhulu Naidu, Chief Operating Officer

Mr. Y. Delli Babu, Chief Financial Officer.

I would also like to inform that respective officials of the Statutory Auditors that is M/s. Brahmayya and Company, Chartered Accountants, M/s. Deloitte, Haskins and Sells, LLP Chartered Accountants who are Joint Statutory Auditors and M/s. R. Sridharan and Associates Practicing Company Secretary who are the Secretarial Auditors as well as the scrutinizers for this meeting and the e-voting process they are also attending the meeting.

The requisite quorum for the meeting being present, I now call the meeting to order and commence the meeting.

I would like to inform all of you that in accordance with the provisions of the Companies Act 2013, MCA and SEBI circulars, Company has taken all necessary steps and made every efforts under the current circumstances to enable members to participate at this AGM via VA/OAVM.

I would also like to take this opportunity to inform the members that the Register of Directors, Key Managerial Personnel and their shareholding, Register of Contracts in which Directors are interested, as well as any other document that are required, mandated to be made available for inspection by the members in accordance with the Act are available for inspection electronically. Members who are interested in inspecting them, you can kindly contact and send an email to investorservices@amararaja.com.

As this AGM is being held through VC/OAVCM, the facility for appointment of proxies by the members is not applicable.

The following is the meeting schedule for today. Following my conclusion of general instruction, the Chairman and Executive Directors will deliver their respective addresses, which will be followed by a question and answer session (Q & A Session)

In the Q&A session, those members who had pre-registered as speaker shareholders at the AGM will be invited to raise their questions or query.

The e-voting facility will be activated during the meeting and members who have not cast their vote will be having an opportunity to cast the votes electronically.

In consideration of the time of all the attendees, members who have registered as speaker shareholders are requested to be concise, limit their remarks to matters pertinent to notice of AGM and conclude their remarks within couple of minutes.

At the conclusion of Q&A session, the Chairman, Executive Directors, other senior management personnel will respond to the queries posed by the shareholders.

The meeting will conclude following a Q&A session and the e-voting system will remain active for a period of 15 minutes after the conclusion of the AGM.

I now request the Chairman to address the members.

Jayadev Galla:

Dear Shareholders,

As Chairman of Amara Raja Batteries, I am filled with gratitude and a sense of accomplishment. The financial year 2022-23 has been a period of immense challenges and remarkable achievements. Numerous intrinsically unpredictable forces can have a big effect on any Company's success. Even while this volatility is now accepted as the norm, not all businesses manage to weather the storm with the same fortitude.

The people that start early in planning and facing obstacles are also the ones who emerge from the ambiguity with the capacity to perform better throughout the recovery. Our journey was shaped by the evolving global and Indian economic landscapes, and I would like to reflect upon them as we also celebrate our success.

On a global scale, CY'22 started on a positive note, with signs of economic recovery after the tumultuous impact of the pandemic. However, this optimism was a short-lived affair as the Russia-Ukraine conflict unleashed a wave of global uncertainties resulting in disruptions in the supply chain, surging commodity prices, heightened inflationary pressures, and escalating interest rates. These global factors posed significant risks to India's overall growth and macroeconomic stability during the first half of FY'23. Despite these challenges, in the second half, the economy managed to stabilize with a commendable decline in inflation and the rupee finding its foot against the dollar. In a true testament to the nation's resilience and adaptability, we emerged as one of the fastest-growing economies in 2022-23.

At Amara Raja too, we managed to outperform financially, further strengthening our brands and continue to pursue value-accretive growth opportunities in the Energy and Mobility space. We diligently mitigated any risks and fortified our growth strategy. In the face of the challenges we encounter, we have become increasingly aware of the pressing need to transition towards cleaner, more efficient, and equitable solutions. In the last financial year, Amara Raja batteries recorded impressive revenue growth driven by strong volume expansion in both automotive and industrial applications.

While the lead-acid business may undergo some consolidation in the years to come, we have ambitious plans for international scaling. As part of our risk diversification efforts, we are also exploring the establishment of manufacturing facilities in newer geographies and increasing the adoption of newer technologies to make lead-acid batteries more value-efficient. Our brand presence is steadily growing in international markets, particularly as we target the West for our next leg of expansion.

We aspire to revolutionize the energy and mobility landscape by championing sustainable, efficient and resilient solutions and technologies. We did this by establishing our wholly owned subsidiary, Amara Raja Advanced Cell Technologies Private Limited (ARACT), for our new energy business. ARACT is focused on

developing advanced cell chemistries tailored to Indian conditions and supplying battery packs and charges to 2W and 3W OEMs.

We have ramped up our in-house R&D capabilities and have also made strategic investments in companies exclusively working on these technologies. We are delighted to announce that in the outgoing fiscal, we laid the foundation for one of India's largest giga corridors for lithium-ion cell and battery-packed manufacturing in Telangana, marking a significant milestone.

Just yesterday, we laid the foundation stone for our E-Positive Energy Labs, a one-of-its-kind advanced research – energy research and Innovation Center in Hyderabad that will be dedicated to spearheading research in the exciting field of cell and battery technologies. On the sidelines of this event we held a high-level conclave called EVOLVE that saw participation from the best minds in the industry and think tanks. We are confident of becoming one of the key players who will also be responsible in shaping the future of energy and mobility.

Furthermore, E-Positive Energy Labs will serve as a nurturing ground for startups operating in this field. By providing support and resources to these budding enterprises, we are committed to fostering a thriving ecosystem that promotes both innovation and growth.

This initiative perfectly aligns with our clear roadmap, which emphasizes the importance of building strong technological capabilities, investing in research and development, expanding our international operations, and establishing large-scale production capacities.

Our commitment extends to fostering growth in both our lead-acid and new energy businesses with unwavering determination and adaptability. As a large organization, we know that sustainability is imperative for business resiliency and growth, and it is our constant endeavor to better our environmental practices, which are already above industry standards. Increasing the share of renewable energy in our operations is also one of our top priorities.

Under the steadfast leadership of Harsha and Vikram, along with the support of our experienced leadership team, I am confident that we will achieve remarkable success in our future endeavors, and I am certain that we will maintain our longstanding track record of superior performance, ultimately creating value for all our stakeholders.

I wholeheartedly thank the Board for their guidance and the entire Amara Raja team for their disciplined effort in elevating the Company. I would also like to thank all our stakeholders, business partners, bankers, and government authorities for the support and assistance throughout our journey.

I will now call upon Harsha to talk a little bit about the different facets of the business from the year, and then Vikram can update the progress in the new energy vertical.

Thank you very much.

Harshvardhana G.:

Dear Shareholders, Good Afternoon.

I am happy to share that in the last financial year, we have made remarkable progress. While we look at expanding into new areas and technologies, we also recognize the continued importance of lead-acid batteries, (LAB), in the energy and mobility sectors. This year, the focus was on cleaner, greener, and sustainable batteries.

The LAB business will continue to play an essential role in our energy and mobility strategy. We recognize the reliability and proven technology of these batteries and are committed to optimizing their performance, targeting specific market segments, prioritizing sustainability, integrating new technologies, and providing excellent customer support. By doing so, we will continue to meet the diverse needs of our customers and be their preferred brand.

Despite facing challenges such as disruptions in the supply chain, price fluctuations of raw materials and global uncertainties, we've achieved outstanding milestones in FY23. As a result of these achievements, our revenue has grown by an impressive 19% year on year, while our profit before tax has risen by 35% compared to the previous year. This growth has been exceptional, driven by robust demand in automotive and industrial applications. These sectors have exhibited significant potential due to evolving industry needs and strong demand from diverse markets.

The unfortunate fire accident in one of our manufacturing units in January caused loss of property, building, and other industrial equipment. However, in the last few months, we have been working on reinstating the plant and have been able to cover the loss in traded volumes. In the next 18 to 24 months, we should be able to reinstate the unit.

LAB technology continues to evolve based on consumer needs and industry demand, and we anticipate continued growth in the years to come. As an organization, we continue to reduce our environmental footprint and greenhouse gas emissions. We have installed 59.1 megawatts of renewable energy infrastructure and will commission another 7.5 megawatts to increase our renewable energy mix. We have become a member of the United Nations Global Compact during the calendar year 2022 and the Alliance of CEO Climate Action Leaders to support our country's vision of net zero by 2070.

I am also very happy to share that Amara Raja Batteries has been certified by the Great Place to Work Institution as the best Company to work for in 2023 and secured a ranking of 55 in the renowned best companies to work for in India's list. This is a testament to the culture of the organization that extends far beyond our shop floors and office spaces. The future holds promising opportunities for us and we approach it with cautious optimism. I thank each and every one of you for your continued support and guidance, which will propel us into a brighter and better future. Vikram, over to you, please.

Vikramadithya G.:

Thank you, Harsha. Dear shareholders,

I am honored and privileged to address you here today, and I am also very happy to share with you some of the transformations taking place in the new energy sector. The new energy landscape has evolved from a mere concept to a tangible reality, posing disruptions and opportunities in equal measure to businesses worldwide. In view of this shifting landscape, we are proud to share that we have made significant progress in our journey towards becoming a leading energy and mobility enterprise in India.

Through the last couple of years, we have been slowly unveiling different aspects of the strategy of our overall energy and mobility strategy. And this year, I am happy to share that several tangible steps have been executed. As Jay mentioned, in November of 2022, we established the wholly owned subsidiary, Amara Raja Cell Technologies Private Limited (ARACT), to focus on exclusively expanding our lithium pack assembly, as well as to channel our significant investments being made towards domestic lithium cell manufacturing.

We are delighted to acknowledge significant advancements in terms of talent recruitment, product development, land acquisition, and local government support to accelerate the activities in this new subsidiary. Further consolidation of business is being explored to bring the capabilities of power electronics, charger manufacturing, and large-scale system integration under the umbrella of this new energy business.

In our shift towards becoming an Energy and Mobility enterprise, it is critical that we expand our share of wallet with our customers by looking beyond the battery alone and bringing solutions that can address diverse opportunities across electric mobility and energy storage.

A century-old industry is undergoing a reset, presenting equitable opportunities for both existing and new players. In such a scenario, it was imperative for a battery manufacturer like us to be part of this growth story. While we continue to receive daily reports about many emerging chemistries, we remain confident in the prospects of lithium-based battery technologies being the primary option to drive electric mobility and energy storage in the near term. Therefore, our immediate development plans will center largely around lithium, while we continue to carefully assess where to focus on alternate solutions.

By diligently developing products that are specifically designed for Indian mobility needs considering vehicle segment, weather, road and price conditions, India will emerge as a global leader in reliable solutions for both light and local mobility. As part of the developing world, we also find ourselves in a unique scenario wherein the growth in electric vehicles is not coming directly at the expense of ICE vehicles. Our vehicle penetration continues to be quite low by global comparison, so we will witness a healthy side-by-side growth in both ICE and EV segments.

Yesterday, at Hyderabad, we had the foundation stone laying for our brand-new E-Positive Energy Labs, Amara Raja's very own advanced research and innovation center. The primary objective of the center is to facilitate cutting-edge research in these emerging fields, enabling us to stay at the forefront of technical advancements. On the sidelines of the ceremony, we also conducted a national-level conclave to foster cooperation between a wide cross-section of stakeholders in electric mobility and energy storage.

The event saw fantastic turnover with close to 250 delegates from all over India and even a handful attending from abroad. We had the opportunity to host industry leaders across the value chain, including material suppliers, cell makers, OEM customers, scientists, academicians, policy makers, and more. We hope to make this conclave, titled EVOLVE, an annual event that will help to catalyze the buildup of a rich Indian ecosystem, which can see our country taking a leading rather than following position in this space. Further on the infrastructure front, we have onboarded all necessary partners and received the required approvals.

Construction activities have commenced on our PAC facility and we are confident of commencing activities for the first phase of our Gigafactory as well. I'm also quite happy to share that we are confident that we can start commencing commercial production from our PAC facility by the end of this very financial year, marking a less than one-year turnaround from the time we broke ground to beginning commercial production. Employee skill sets, particularly those related to new technology capabilities, are becoming increasingly important for our long-term success.

Together we will harness the power of innovation, sustainability, and transformative energy solutions to shape a prosperous future for all. While we continue to make all efforts to hire the necessary talent and partner with experienced organizations, our leadership's top priority is to provide the greatest exposure to local talent and drive

Company-wide upskilling and reskilling. We extend our gratitude to you once again, our esteemed shareholders, for your unwavering support as we continue to grow and evolve. Thank you once again, and I'm passing it back to Jay.

Jayadev Galla:

Dear shareholders, I would like to reemphasize my commitment to maximize value for all stakeholders and to maintain our dominance in the energy and mobility solutions. I would like to place on record my sincere thanks to our customers, the central and state governments, suppliers and bankers.

I would also like to take this opportunity to thank you, our dear shareholders, for your continued and wholehearted support of our initiatives. Last but not least, I would like to express my gratitude to my colleagues on the Board and for contributing to the progress of the Company and extending their full cooperation in discharging my functions as Chairman of the Board. Thank you, ladies and gentlemen.

I now request Mr. Vikas Sabharwal, Company Secretary to provide a brief summary on the notice of this AGM, the Auditor's Report, details on remote e-voting provided to the members, e-voting during this AGM and to conduct the question and answer session.

Vikas Sabharwal:

Thank you Jaya. The notice convening the meeting along with the annual report for the year 2023 have already been circulated to the members. With your permission, I shall take them as read. All the resolutions as mentioned in the notice of 38th Annual General Meeting are now tabled before this meeting.

The Joint Statutory Auditors have given an unmodified opinion on the financial statements of the Company for the financial year ended March 31, 2023. It does not have any qualification or observation and hence auditors report are taken as read. Also, there are no adverse remarks or qualification in the reports issued by Secretarial Auditors for the financial year ending 31st March, 2023. Hence, the same are also taken as read.

Your Company had provided remote e-voting facility to the members to exercise their vote in respect of business proposed in this AGM through National Securities and Depositories Limited, that is NSDL, the remote e-voting commenced on August 8, 2023 at 9 a.m. Indian Standard Time, and ended on August 11, 2023 at 5 p.m. Indian Standard Time. All the resolutions proposed in this AGM shall be decided through e-voting only. There will be no proposing or seconding of the resolution or voting by show of hands or ballots.

Pursuant to the Secretarial Standards, please note that the AGM notice dated July 7, 2023, the resolution number 1 to 4 are mandatorily required to be passed at an AGM under the provisions of the Companies Act 2013 and resolution number 5 to 7 are special businesses considered as important and unavoidable by the board, and hence are proposed at this AGM. I would like to inform the members that the text of the resolutions and the explanatory statement, wherever applicable, have been provided in the notice convening this AGM and has been circulated to the members and also are available on the Company's website.

Members as on cutoff date, that is August 5th, 2023, who have not exercised their vote through remote e-voting and are participating in this AGM through video conference are entitled to vote during the meeting through e-voting facility provided by the NSDL. The icon for e-voting will be available on the screen, which will redirect you on a separate window on an e-voting portal of NSDL

Once the e-voting facility is activated, 10 eligible members are requested to cast their vote while watching the proceedings of this vote meeting.

The e-voting facility will be continued for a period of 15 minutes after the AGM is concluded.

Mr. R. Sridharan of M/s. R. Sridharan and Associate Practicing Company Secretary, Chennai, are appointed as scrutinizer for the remote e-voting and the e-voting done today at the AGM. He will consolidate the results of the remote e-voting as well as the e-voting done today at this meeting and then submit it to the chairman or any other person authorized by him.

The results along with the scrutinizers report will be submitted to the stock exchanges within two working days. And the same will be available on the website of the Company as well as on the e-voting service provider that is NSDL. I now hand over to the moderator to call the names of the speaker shareholders who have registered one by one. Over to you, operator.

Moderator:

Thank you very much. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. I now invite the first speaker shareholder, Arun Kumar Bopanna. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Bopanna, please proceed.

Arun Kumar Bopanna:

Good afternoon everybody. Thanks to Vikas Sabharwal and his team for arranging VC. Compliments for building Amara Raja on values and not just valuations. The success of Amara Raja had many hands with the founder's mind, one mind, a founder to lead. I'm proud of it. Gone are those democracy days when dissent was an act of faith.

Currently declining democracy with large mandates gave tenacity and audacity and ruthlessness who have no sense of inclusiveness for the country. Try to crack the walls of values filled with fairness in Amara Raja fabric. I regret that action very much. Compliments for handling the challenges with great dignity. I wish you all the best in your new territory.

My questions, what are technological advancements to stay ahead of the curve? What is R&D budget and allocation enhancing our digital capabilities? Will Amara Raja R&D turn ideas into research and research into implementation? It's time to forward integration and injecting greater value to existing products. Globally, there's a shortage of people with right skills. What is the HR budget to reboot, to fill the skill mismatch with new age courses like coding, AI, robotics, etcetera. Will you build bridges between artificial intelligence and human intentions, aspirations and achievements, demand and delivery?

What are our major buckets, plans fixed for uncharted territories? What strategy is Amara Raja playing in volume, price and opportunities and availability to future in the ever changing energy sector. And lastly my request sir, is high peers and KYC t's become a major problem. I'm not stuck in Amara Raja, but I'm sure you must be having a lot of people. I would suggest you, suggest I think you direct Mr. Sabharwal to have a unit that help the shareholders who shares the stuff with KYC. You can find an agency who charges some amount and then get the shares back to the shareholders. I can connect and give you the reference because I'm dealing with somebody else now.

In closing, tribute to our founder. Amara Raja was built with an entrepreneurial spirit. The dominant position of Amara Raja is an impressive achievement, a record it speaks for itself. The accomplishments of the founder and successors are nothing short of being remarkable. I'm proud of Jaya, Harsh and Vikas. I wish them all the best as the successors. In conclusion, no numbers from the past matters for us. The numbers of

future will not be too big for remarkable. With this, I wish Amara Raja to continue the Founder's vision to strengthen social stability. Thank you very much.

Jayadev Galla: Thank you.

Moderator: Thank you very much. I now invite the next speaker shareholder number 2, Mr. Vijaya Raghava Atluru. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Atluru unmutes his audio and video. Mr. Atluru, please proceed with your question. Mr. Atluru, please unmute your microphone and proceed with your question. As there is no response from the current speaker shareholder, we will move on to the next speaker shareholder. Number 3, Mr. Praful Chawla, please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Mr. Chawla, please unmute your audio and video.

Praful Chawla: Thank you, Chairman, Board of Directors, my fellow shareholders. I wish the Company a very happy new milestone. In the 10 years, the Company has made a turnover of INR10,386 crores turnover, I wish the Company, the team, the distributors, we have reached the position that the profit after tax is INR694 crores. The Company is worth INR700 crores. I believe that the Company can tell the next year's profit of 1000 crores, the Company has reached the highest level of 310, I am thankful to them and the Company is also telling me that the first time earning per share is INR40, so I am thankful to the Company.

Sir, the R&D department, the battery that you make, why don't they try to reduce the battery? Even now, the battery that comes, the battery in the car is so much, the battery in the two wheelers have a space for the battery, so the battery comes in it. But in the process of development, the battery should be at least half and should be increased. In Kashmir and Rajasthan, we have found a lithium storehouse. The lithium that is produced, the work that is required to make the battery, if it is made in India, it will be cheaper.

So the government is going to give the job of digging for some private people. So what benefits will the Company get and when will the benefits start? If you have any information about this, then we will tell you. Sir, whenever we buy a new battery, we get a discount on the rate written on it. Every shop gives a discount. Apart from this, we handover our old battery to them. So, they give us a discount of INR100 or INR150. So, where does this battery go? What do they do? Do they make a duplicate? What is the use of it?

If you have any information about this, please let me know. Sir, our unit is only in Andhra Pradesh. When I saw the Exide battery, there are only 11 units in India. One unit is 1000 km from another unit. That means the battery is 500 km in 24 hours. 1000 km between 2 battery units it is 1000 km. So it is 500 km to deliver a battery. So if the battery is needed in an emergency, if it is in a quantity, then also we can deliver it. So why not install a bar unit from Andhra Pradesh?

CSR is doing well. I also talk about CRS in other companies. I tell you that the money that goes to the school in CRS, the education that the students get, along with that, religious education, Gita, Mahabharata, Vedas. They should also learn the true meaning of the history of India. There are many such people like Maharana Pratap, Shivaji, Jhansi ki Rani, Bhagat Shiv, Subhash Chandra Bose. I am very happy that I have been able to speak on this topic.

Moderator: I now invite the next speaker shareholder number four, Suresh Chand Jain. Please accept the prompt on your screen, unmute your audio and video from your device

and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Jain unmutes his audio and video. Mr. Jain, you are audible. Please proceed.

Suresh Chand Jain:

Respected Chairman, Board of Directors, my fellow shareholders. Thank you for the clarity given by the management. I would like to thank you and your team for to us, you are doing it without echo. And you can see it so clearly that I cannot explain it to you. Because the other companies that come in, sometimes there is echo, sometimes there is a whistle, but you have no sound at all. He was silent and tried to you are taking the Company to a great level and doing a great job.

I am your Company's shareholder from the IPO day and I have supported many AGM. I mean to say, sir, I and the committee, whenever we have a problem in the Company, we solve it within months, not weeks, not weeks, within days. I pray to God that the workers who come here get good response. May you progress day by day. I would like to thank you for this opportunity in the AGM.

Moderator:

Thank you very much. Speaker shareholder number five, Navjot Singh Sahini has registered, however did not join the AGM, Hence, we will move on to the next speaker shareholder, Deepak Joshi. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Mr. Joshi, please unmute your microphone and your webcam and proceed with your question. Thank you.

Deepak Joshi:

Respected Chairman, the Board of Directors and fellow, as announced, I am Deepak Joshi, representing Pine Bridge Global Funds. I thank the management for providing me with an opportunity to represent Pine Bridge Global Funds. So if you reflect, we met several times at AGM at Tirupati. It was an honor to attend all the AGMs. It's an event that we look forward to attending too.

I would be obliged if the management can address the following queries. Number one, can you please provide a breakup of revenue from different segments like auto OEM, auto aftermarket, telecom, UPS and other industrial applications? Next, do EVs of current generation use lead-acid batteries for auxiliary applications? If yes, do we supply to any OEM for such usage?

The last one, can you please elaborate which are chemistries of lithium ion batteries we are currently working on? Once again, I thank the management for providing PineBridge Global Funds an opportunity. Wishing you the best. Thank you.

Moderator:

Thank you very much. I now invite the next speaker shareholder number seven, Kamal Kishore Jhavar. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Jhavar unmutes his audio and video. Mr. Jhavar, please unmute your audio and video from your device and proceed with your question. As there is no response from the current speaker shareholder, we will move on to the next speaker shareholder. Number eight. J Abhishek. Please accept the prompt on screen, unmute your audio and video from your device and proceed with your question.

J. Abhishek:

Sir, my name is Abhishek, shareholder of the Company. My DPID IN301637. Client ID is 41359155. So, first of all, I congratulate the management on the eve of 38th Annual General Body Meeting. So, trust all is well with you and your family.

In this challenging situation, a Company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability, dividend history, and becoming one of the strongest brand in our respective segment. \

Sir, as of date how many employees are there in our Company, I would like to know from you, sir. Past three years during the COVID time, how you have managed the situation, I would like to know any difficulties that our Company management has faced because of the COVID protocol?

And we had our extraordinary general body meeting in the physical form so why not the AGM also conducted in hybrid mode sir, so try to consider hybrid mode most of the companies across Mumbai and Delhi have already adopted hybrid mode hybrid AGMs and this is the most convenient option for the investor fraternity as well as for the management as well. So, when we try to consider hybrid AGMs in the years to come sir so that most of the local shareholders can join you in person in the auditorium and the rest of pan-India shareholders can join you virtually sir, so try to consider the same in the years to come.

And most of my questions are already sent through email so I shall not repeat the same questions again. How does the steps being taken by the management reduce the other expenses, legal professional charges, and the audits results? As myself and my team are running a legal firm in the name and style of Seven Hills Associate in Chennai, so I would request your good service to kindly enroll our firm in the M-Panel of the Company, and we will be glad to extend our services, sir.

And nothing much to ask, sir. I wish, I thank the Company secretary and their entire team for sending us a link well in advance and making this 38th Annual General Meeting a grand success. I wish the Company and the Board of Directors a great success and prosperity in the coming future. And thank you for giving the opportunity, sir. Hope to see you in the physical AGM next year.

Moderator: Thank you very much. I now invite the next speaker shareholder, Shrikant Jhawar. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Jhawar unmutes his audio and video.

Shrikant Jhawar: Respected Chairman, all our brothers, thank you for this video conference meeting. And this is a video conference meeting that any shareholder can attend, whether a Director or anyone. Sir, I have a question. In Chairman's speech that there has been a land fire. Please give us some information about that. How much insurance claim did you have? And there is a technical problem in the link of Kamal Kishore Jhawar. On behalf of him, I have the same question. Happy Independence Day. I have a question. Sir, my earlier, my fellow shareholder will ask, is there any new plant or acquisition in the North or East-West, except Telangana and Andhra Pradesh? Is there any acquisition to open a plant there? So, please tell us about that, sir. Thank you, sir, for giving me an opportunity.

Moderator: Thank you very much. I now invite the next speaker shareholder number 10, K Bharat Raj. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question.

K Bharat Raj: Yes, very good afternoon entire Board of Directors. I am Bharat Raj calling from Hyderabad. Sir, entire Board of Directors, congratulations for the wonderful performance in this financial year. Entire team, my best wishes to you. Sir, this year we have crossed INR100 billion turnover, sir, wonderful, sir. This all great goes to our Chairman, Mr. Jayadev. Under his leadership, my Company is doing globally, sir.

Sir, in the annual report, the first page is wonderful, sir. Broadening Our Horizons. Your thinking is big. You always think big. You always fly high. This is why my Company is in the battery segment, number one. All credit goes to you, sir.

Thank you for your wonderful dividend payout, Chairman, sir. And I congratulate our Harsha and Mr. Vikram for receiving the best award for best Company, best working place. This is all the team network, sir. This award is not only simply, sir. This is all the team effort, sir.

I congratulate our Executive Director, Mr. Harsha, Vikram and entire team. Sir, we have a debt ratio of 0%, sir. Sir, recently we have an accident, sir. In this loss, sir, please let me know, is it a human error or a technical error, sir? If it is a human error, who is responsible for that? What type of action you have taken? You have suspended anyone or terminated anyone?

Because today we don't have any life losses. But if it repeated in the same way next time, so we should take precautions, sir. Please let me know if it is a human error or a technical or industrial error. Please let me know.

CSR, sir, there is no blackspot because we are the number one in CSR. But in annual report, I cannot see the breakup of CSR, sir. Please let me know where the breakup can I get, sir. And one more thing I bring to your notice, Mr. Chairman, women employment, sir. Wonderful, sir. We have 15%. It is a wonderful sign, sir, because our Prime Minister is encouraging Naari Shakti. See that it may come to 20%, sir. We encourage more women employment.

And I congratulate our Chairman for introducing and coming to the giga-corridor in lithium cell in Hyderabad, sir, Telangana. Sir, today I want to share in 2018 and 2019, in 2020, I have shared because many future plans come into this segment. You told it is not right time to share this, but you came with a positive idea and set up in Hyderabad, Telangana. Wonderful, sir.

Sir, my question is really how you get the raw materials, sir? How you procure the raw material? How you -- because at present, Ola also is having set up in the same in Bangalore. He is also with giga-megawatt. So, how you face the challenge, sir? How you get the raw material? Because now the raw material is very important because raw material come from China. So, how you face the challenge, sir? Please let me know, sir.

As you are taking any hasty decision or a long term decision, please let me know, sir. Chairman, sir, I bring to your notice that dividends, INR6 you are given. Wonderful, sir. But when you have received the dividend payout since 2019 and '20, you paid INR11, sir. Sir, this is the more profits for companies in the last six years. But we received the dividend only INR6.55, sir. This year can we look into the dividend payout more, Mr. Chairman?

And 2008 we received the bonus, Mr. Chairman. Past 2008 till now, we have not received a bonus, sir. Please consider liberal bonus, Mr. Chairman. Our 50-500 rupees means equal to 5000 rupees' worth. So, sir, Chairman, sir, you are a very generous man. We are very happy under your leadership. We will be more-happy if you give first the -- or shareholder, I will be happier, sir.

Chairman, sir, finally, sir, congratulations for the Bhoomi Puja. If you invite our few shareholders in Hyderabad, we will be more-happy. But unfortunately we cannot come, sir. But in this happy occasion, please give dry food sweet boxes to our speaker shareholders. In this happy occasion, please inform to our Company secretary to send us the sweet box in this happy occasion, sir.

Once again, sir, my best wishes to you. All the best for coming here, sir. Be safe, be healthy. I pass on all the resolutions. And one more thing, sir, in the annual report, I cannot see that KMP is the salary, sir. It should be there in the annual report. So, I feel

that this time should not happen, sir. Thank you very much for giving this opportunity. God bless you, sir.

Moderator: Thank you. I now invite the next speaker shareholder number 11, Atanu Saha. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Saha unmutes his audio and video.

Atanu Saha: Good evening, sir. Good evening to everybody. I, Atanu Saha, a shareholder of Amara Raja Battery Limited. First of all, I owe our thanks and respects to our founder members, my respective Chairman and Board of Directors and Independent Directors and Company's Secretary and his total team, CFO and all present our shareholders present in this virtual meeting.

Moderator: Sorry to interrupt you Mr. Saha the audio is not clear from your line we would request you to speak a little bit louder.

Atanu Saha: Sir, so one thing is that today is, I thank you for giving me a chance to speak. Sir, today is 38th Annual General Meeting and today is 12, August. Our Company organizing Annual General Meeting. My previous shareholders from Arun Boppana to till my previous one, already raised number of queries and number of matters. Also, also gratis to our job, Company's job. Sir, my end is that our Company is almost debt free sir. Sir, please inform us about the R&D department sir, and its implementation and sir results. Do we expect a factory visit this year or any this time? Sir, I already casted my vote so I wish a good year ahead with good result, good dividend and good health to every employer.

I Atanu Saha, I now hand over to our moderator, I wish Amara Raja Battery good of the a better way. Sir, Happy Independent Day to everyone. Thank you.

Moderator: Thank you very much. I now invite the speaker shareholder number 12, Praveen Kumar. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Kumar unmutes his audio and video.

Praveen Kumar: A very, very good afternoon to my respective Chairperson, well-decorated esteemed Board of Directors, and my co-fellow shareholder, who joined this meeting online. Myself, Praveen Kumar joining this meeting from New Delhi. I have few observations which I would like to share with the entire house.

First of all, my deepest respect to our Founder, who is a great man with great vision and determination to bring maximum wealth for a retail investor like me. So I am very, very in-depth to our Founder. I'm very-very -- he's a great man. I have the deepest respect. Here we stand today it is his dedication, his efforts and his convince that yes, we make it better, we make it better, we make world-class Company and now we are world-class Company. So before I share my observation, I have the deepest respect for our Founder.

Now coming to the business of it, I'm very, very thankful for the speech you addressed us. It was very, very in-depth and very, very informative for a retailing industry like me, sir. Thank you, thank you very much for that. And I'm part of our Company for more than a decade and over the period of decade, what I observed, the management and the professional team are very-very focused to bring long-term growth to the retail investor like me. I'm very-very thankful to be part of such a legacy that investor-friendly approaches fantabulous.

I supported all the resolution which is set up for the notice today and you rightly said in your speech I do agree with you the growth driver for future for our Company is energy and mobility and we have the world class R&D for that and we are including AI into it so that's truly a deadly combination for growth driver in the future sir. And I truly believe, when you are very-very focused thing will fall into your place. Yes, I do accept that time is challenging but I have great faith in your leadership, you will take our Company to the new height in the future, sir.

Excellent CSR activities and one more thing which I love to add here, is I love to thank our marketing team and our CFO for making our annual report, I think, one of the best, because it is very-very clear. And if it's a retail investor point of view, very-very easy to understand the financial aspect of it. And I'm very-very thankful for our Company's actually, Mr. Vikas Sabharwal and his entire team for bringing highest standard of corporate governance for the retail investors. I mean that truly boosts my morale.

I requested a hard copy of Annual report and it was be promptly delivered in fact. I mean I am very-very thankful to our Company secretary for -- our Company says bold letter, yes, we care for the retail investor, we respect the retail investor and we respect the hard earned money that the investor put into our Company. I mean that's a wonderful combination. So I'm very-very thankful to the entire management team. I just pray to the God that he will enlighten you so that you will take our Company to the near height in the future. The future is ours.

I do believe strongly sir. And I am very-very thankful for this opportunity to share my views and express my feelings. Thank you sir. All the very-very best for the future.

Moderator:

Thank you very much. I now invite speaker shareholder number 13, Santosh Kumar Saraf. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Ladies and gentlemen we will wait for a moment while Mr. Saraf unmutes his audio and video.

Santosh Saraf:

Respected Chairman, members of the Board, and Board of Directors, and employees, and my fellow shareholders, I Santosh Kumar Saraf, from Kolkata would like to greet and wish your good health.

I would like to thank for giving us total dividend of INR6.10. Good dividend. Our Company is zero debt, and having a good amount of cash reserves, so I would like to know how can we utilize the same, any plan for acquisition, or any plan of expansion.

Also would like to know that what the arrangement we have regarding water recycling is. How much we utilize renewal energy. We have only 8% female employees against 92% male employees, so would like to request that encourage female employees because now a days, women are working in every sector. They can do hard work also. I request Mr. Bhairavi, that in your Board Meeting, you propose for women empowerment.

Once again I would like to know, that how we will utilize the cash balance with us. And requesting you to continue with VC meetings in future also. This will help us all. I would like to appreciate all and every employee of the Company for their hard work. Thank you.

Moderator:

Thank you very much. I now invite speaker shareholder number 14, Manas Banerjee. Please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Ladies and gentlemen, we will wait for a moment while Mr. Banerjee unmutes his audio and video. Mr. Banerjee please unmute your microphone and proceed with your question.

Manas Banerjee:

Good afternoon sir, respected Chairman, present Board Members and my fellow online shareholders. Myself Manas Banerjee joining the VC meeting from Kolkata. I convey my sincere thanks to our Company Secretary and his full team for sending hard copy of Annual Report and registered my name as a speaker. For the financial year 2022-2023 our Company achieved a top line growth of 19% and bottom line registered a growth of 35.48% on a standalone basis.

If I compare with last year, our Company has been consistent healthy dividend. Congratulations to the Board members for this. I already supported all the resolutions by remote E-voting. Now I have some observations. Number one, Sir, on lithium ion battery plant, you are going to set up 3-gigawatt to 4-gigawatt plant. I just wanted to understand, are you looking for some technology partner? If you can, throw some light there.

Next Sir, lead prices have corrected in the last 2 months to 3 months and there will be backward integration. So, what kind of EBITDA margin we are targeting for the financial year 2024?

Next, sir can you indicate what is the current capacity utilization of 37,000 ton capacity for the plastic parts and finally sir you margin promoter own business sir into the listed entity. I would like to know how it's going to benefit the minority shareholders. Before I conclude this AGM is the last meeting of Amara Raja Batteries Limited. Next year onwards, it will be Amara Raja Energy and Mobility Limited. Chairman sir, memorize the last meeting of AGM of Amara Raja Battery. I request you to consider rewarding mementos to all speaker shareholders. Thank you for patience hearing. Over to you sir for further proceedings.

Moderator:

Thank you very much. I now invite the next speaker shareholder number 15 Rajani Beria. Please accept the prompt on your screen, unmute your audio and video from your device and proceed with your question. Rajani Beria, please unmute your audio and video from your device and proceed with your question.

Harsh Beria:

Hi, I am Harsh Beria on behalf of Rajani Beria I am her son. I have a few questions which were already sent earlier to the Company. I will just read them out. I want to applaud the management for achieving very decent margins in this very inflationary environment while maintaining a strong sales force trajectory. My questions are the following. We used to do EBITDA margins of about 16% until FY21. Since then, lead and power costs have shown a sharp increase. When do we see ourselves getting back to our earlier margin trajectory?

My next question is, over a longer period of time, our fixed assets terms have decreased significantly. We used to do about eight times fixed asset terms in back in FY30, which is about 10 years back. And now we maintain somewhere between 3 to 3.5 times. The effect of this is very clearly visible on our profit and loss statements where our depreciation costs have increased significantly, which has reduced our EPS growth rates over a period of time, despite being growing sales at a very decent level. So my question is, when do we see ourselves getting back to higher asset terms and higher ROCE? We used to do about 35, 30% ROCEs until FY18. Can we get back to that trajectory?

My next question is about related parties. So in recent times, a number of our parent entities are getting merged with a Company. I have to applaud the management that these mergers are being done at very, very reasonable valuations. Can you please give a longer term roadmap as to how many group entities might get merged with a listed Company and if possible can you name those?

More importantly, how does the management decide which entities to merge with a listed Company? So, if you can talk more about the underlying thought process, it would be very, very useful and my final question is about lithium ion batteries. So, I think in one of the management interviews in the past, it was mentioned that we can do asset terms of one times and our margins are kind of in line or a little bit lower than our lead acid batteries. In this scenario, how do we navigate the increasing commoditization in a batteries business because if we do lower margins and lower asset terms, our return on capital employed will be much, much lower in lithium ion batteries. What is the current management thought process on this? That is it from my side. I thank you for taking the questions.

Moderator:

Thank you very much. Mr. Vijaya Raghava Atluru, Speaker shareholder number two has reconnected. Mr. Atluru, please accept the prompt on your screen. Unmute your audio and video from your device and proceed with your question. Mr. Atluru, please unmute your microphone and proceed with your question. Mr. Atluru, please unmute your microphone and proceed with your question. As there is no response from the current speaker shareholder, I have muted the line. Over to you, Chairman sir, for further proceedings.

Jayadev Galla:

I would like to thank all the speakers shareholders for participating and for their questions. We have also received questions from some of the shareholders by email. The management wishes to answer them along with the questions posed by the speaker's shareholders. Some of the questions were already answered as part of the management address at this AGM. I will take up these questions first along with Harsha, Vikram and the rest of the team. Then we will come back to any questions that have been left unanswered that were asked today.

The first set of questions relate to the corporate social responsibility or the CSR activities. At Amara Raja, we aim to play the role of a catalyst in enabling people to achieve their dreams. We believe that empowering the nation means empowering its people. In our small yet meaningful contribution to nation building, we have initiated a movement from the grassroots level to develop the potential of families and communities around our facilities. A bouquet of initiatives is offered to mainly the underprivileged sections of the community residing in the vicinity of the Company's operational domain.

Our core mantra is the social upliftment of the underprivileged by pushing them towards economic independence and empowering their lives with education and health care. Amara Raja is rooted in strengthening its bond with communities. Amara Raja takes its commitment to the community very seriously. We spend the CSR funds through the Rajanna Foundation, formerly known as the Rajanna Trust, which among other things is involved in various initiatives like education, skill development, healthcare, rural infrastructure development, social forestry etcetera.

Through the Amara Raja skill development center in FY23, we have imparted specialized industrial training to 1,050 students, including 300 women, free of cost. These students are mostly from marginalized communities, who would not be able to afford such training under normal circumstances. In addition, the students are also paid stipend during the course of the training. The Rajanna Foundation also supports three CBSE schools, which we have built and developed through our own efforts, with a total strength of around 4,620 students currently enrolled in these three schools.

Our aim is to mould students into well-rounded youth who can take over as tomorrow's leaders. Now coming to the next set of questions regarding the name change of the Company, which is coming up, which is about to be done now. Clean energy and sustainable mobility are becoming driving forces as climate change and depleting natural resources are nudging us towards a cleaner and greener future.

With this in mind, around two years ago, Amara Raja made a strategic decision of shifting from being a battery manufacturer to a comprehensive solutions provider in the energy and mobility sector. To better reflect our design, our direction, and align our corporate identity with our expanded portfolio of services and long-term plans, it is proposed to change the name of the Company to Amara Raja Energy and Mobility Limited.

This new name encompasses our diverse range of solutions and products which include batteries, energy storage solutions, lithium-ion cell manufacturing, EV chargers, hybrid solutions, lithium-ion battery pack manufacturing and exploration of new cell chemistries, among others. The proposed name, Amara Raja Energy and Mobility Limited, conveys our commitment to becoming a leader in the energy and mobility sector.

After obtaining the approval of the shareholders at this AGM, we will be seeking the approval of Statutory authorities for giving effect to the change of name of the Company from Amara Raja Batteries Limited to Amara Raja Energy and Mobility Limited. The next set of questions relate to the scheme of arrangement among Mangal Industries Limited and Amara Raja Batteries Limited.

In FY23, the Board of Directors approved a scheme of arrangement among Mangal Industries Limited and Amara Raja Batteries Limited and their respective shareholders and creditors under Sections 230 and Section 232 of the Companies Act 2013 for the demerger of plastics components for the battery business from the demerged Company to the resulting Company. The said scheme will integrate our supply chain, leading to margin improvements by bringing the plastic component for battery business of Mangal into our own fold through a scheme of arrangement involving demerger of plastic component for battery business from MIL into ARBL.

The plastic component for battery business of MIL caters exclusively to ARBL, providing plastic containers, covers, small parts, handles and jars that are used in the batteries. This transaction will simplify the business operations by backward integration of the supply chain and by bringing plastic molding capabilities in-house. The approval of the shareholders of Amara Raja Batteries Limited and Mangal Industries Limited was also received on April 12, 2023.

Currently, the Company petition is pending for hearing before the NCLT bench at Amravati. The next set of questions are regarding human resource-related challenges. Striking a balance between building and buying talent is a critical challenge. This means ensuring that internal talent is developed systematically and also ensuring that we are able to hire the right talent at the right time for new technologies and new business needs. Beyond this, we are keen on enhancing talent diversity across all levels, employee well-being, and adapting to evolving technology in the workplace. These are challenges that we are considering as opportunities and working on systematically.

Now before coming to the questions that were asked by the speaker shareholders, we have a few more questions that we received earlier and some of them may answer the questions that have been asked today. Now I will ask Harsha to respond on queries related to the lead acid business. Then Vikram will answer the questions related to the new energy business. Mr. Delli Babu on queries related to business performance and operations and Vikas on governance related matters. Harsha, over to you.

Harshavardhana G.:

Thanks Jaya. Now I will answer the questions related to the lead acid business. There were a few questions regarding the technological advancements to stay ahead of the curve. ARBL has a strong team of 130 people and technology focusing on multiple

areas, including product development, process improvement, and introducing new material. It is a continuous process and we successfully launch products by introducing new technologies. We have developed next-generation enhanced flooded and AGM batteries for automotive applications.

These technologies are ideal for start-stop functionalities, higher cranking, better cycle life, and overall performance during a partial state of charge. We have also rolled out our advanced dam grid technology, allowing us to further improve the performance and material efficiency of our products. To penetrate the Western markets, we have developed the BCI product range, which is now offered to an expanded set of customers.

There was also a question regarding auxiliary batteries in Indian EVs. All Indian OEs, making four-wheeler EVs at the moment, have incorporated lead-acid auxiliary batteries, and we have a share of business with those customers. With respect to digital capabilities, there has been a lot of transformation post-COVID to avoid hurdles in the supply chain and support customers and internal stakeholders. We have been able to launch many initiatives in the past year, including robotic process automation, the leveraging of cloud and analytics, and software as a service solutions. Supply chain initiatives such as a digital vendor portal and advanced transport management have helped us efficiently onboard suppliers, manage our orders, optimize our transportation routes, and have real-time visibility of our inventory, all of which help us make more informed and effective decisions. Further, in the coming months, we are implementing a CRM for better management of our channel partners and dealer networks.

Going forward, there will be much more to report on our digital transformation journey with better and more direct applications of AI, ML, and creative automation of logic. There have also been some questions regarding our exploration of uncharted territories and also our strategy towards volume price and opportunities. The Company has established a preferential position in the domestic market and focused geographies in the Indian Ocean Rim. While sustaining our market shares and going deeper into these markets, we now focus on expanding our presence into the Western markets of North America, South America, and Europe.

These markets exhibit tremendous potential for us, and we are confident that our competitive product technologies and superior customer service will spearhead us into these new geographies. We have reorganized our team into geographic clusters to provide the required focus and better serve new customers. Our pricing and distribution strategy is focused on expanding our reach and increasing market share in segments in which we are less represented.

We are leveraging digital tools to track micro market details and revamp our replenishment model. We have developed and launched a mobile app that creates an enriching experience for our customers through the journey of product selection, purchase and product service. With the introduction of our next-gen technologies of EFP and AGM, we are also able to price our products at a premium in the market.

Regarding the fire accident, in January, 2023, a fire broke out at one of the Company's manufacturing units at Chittoor, Andhra Pradesh, which caused damage to the property, plant, equipment, and the inventories. The Company is insured for fire accidents, including this and loss of profits. The Company has submitted its claim, which the insurance Company has admitted, and the surveyor is evaluating the amount of final loss under the policy. The Company has received an ad hoc payment of INR100 crores from the insurance Company.

It is in the process of reinstating the manufacturing plant with a similar capacity at the same location. Therefore, we are confident of realizing the balanced insurance claim. In regards to the root cause of the fire accident, there was an electric short circuit in one of the formation equipments. As such, there was no human error and there was no injury to any of the employees or surrounding community members. We have taken the necessary precautions and preventative measures across all of our plants and have incorporated this into the design of the reinstated plant.

I would now request Vikram to answer questions related to the new energy business.

Vikramadithya G.:

Thank you, Harsha. I will now answer questions related to our new energy business. The first set of questions was regarding the new wholly owned subsidiary Amara Raja Advanced Cell Technologies as well as the Amara Raja Giga Corridor. Amara Raja Advanced Cell Technologies, as mentioned earlier today, was established as a wholly-owned subsidiary of Amara Raja Batteries to focus exclusively on expanding our existing lithium pack business, charger business, as well as to now house the new investments going into lithium cell manufacturing.

The lithium pack business which was hitherto part of ARBL has been carved out and transferred to ARACT through a business transfer agreement with effect from June 1st of this year. We are proposing to set up a giga-factory in the state of Telangana and we have signed a Memorandum of Understanding with the government of Telangana to establish research and manufacturing facilities for lithium-ion cells and battery packs.

The Company has purchased nearly 250 acres near Mahbubnagar, Telangana situated at a distance of about 70 kilometers from Hyderabad. The total investment envisaged over the period of the next 10 years is in the range of INR9,500 crores for producing lithium cells and battery packs. The capacities will be 16 gigawatt hour on the cell side and 5 gigawatt hours for the packs, respectively. We are also establishing a state-of-the-art R&D center near the international airport in Hyderabad.

There is also a set of questions regarding technical advancements that we are investing in to stay ahead of the curve. Apart from the efforts of our strong internal R&D teams, we are also working with a number of external partners to develop lithium battery products. Our internal R&D team has accomplished significant milestones with respect to the NMC chemistry. We are confident that the product technology for both NMC and LFP cells will be available by the time we complete the phase 1 construction of our giga-factory.

We are also working with equipment vendors and supply chain partners to finalize the design of the machinery and ensure proper supply of raw material. We are confident of starting the commercial production of cells by FY '26.

Thank you again and I would pass it on to our Chief Financial Officer, Delli to answer any questions on financial and business related matters.

Delli Babu:

Good evening everyone. There is a question regarding the EBITDA percentage, what we used to report at 16% earlier. I would like to inform you that the earlier 16% EBITDA percentage was at a lower lead-base. Today the lead has increased almost at 10% year-on-year starting from the last two years, three years. At a larger lead-base, since we do not recover the entire markup naturally the percentages tend to go down, but the effort of the Company is to continuously improve those percentages. You would have seen the improvement of EBITDA margins over the last three quarters, four quarters. So there are initiatives around reduction of the power cost and reducing, getting into the recycling which will also help us in reducing the material cost. So, the idea is to still look at a 14% to 16% kind of an EBITDA margin

depending on where the lead-base is. So, effort is to improve the percentages even at a higher lead-base.

There is also another question about the asset terms. Considering the capacity expansions that we have been doing for the last five years, six years, we have been adding almost every year one manufacturing plant and naturally the ramping-up of the production will take some time by the time we achieve the full capacity utilization. And also we have been adding these capacities at a much higher cost considering the rupee depreciation what we have seen in the recent past. So, while we are currently at about 3.4x to 3.5x of asset terms, we hope that this number will increase as we ramp-up the production in some of the latest additions of our factories. I think a turnover ratio of 4x to 4.5x are possible I think in the coming years, once we achieve the complete throughput of these plants.

And then from -- that will also help us the ROCE question currently this financial year we ended up at 20% ROCE. Yes, historically we have seen a much higher number around 26%, 27% also. I am sure we will get there as we increase our throughput as well as work on the cost cutting initiatives that we are doing. And also expanding into some of our international geographies will also help us in terms of better realization mix that should help us improve the overall profitability thereby the returns.

There was one question about the lithium-ion factory capex and the asset turns that can come in. This is a changing number because currently based on the capex that we are seeing, it is possible. I think, yes, some time back, only a one ton of asset turnover was possible, but currently we see that nearly about 1.4x is possible, but this number will also change considering the way the capex, the machinery is redesigned and the innovations around that.

So as we keep achieving the scale in this, it is possible that these asset turnover ratios might further improve, but we will keep updating the shareholders as and when such improvements happen. So, at this point of time, around 1.3x to 1.4x is possible. Now we have to see how the innovations will take us from here.

And as far as the capital requirement for the new energy business is concerned, we do have as one of the shareholder also has pointed out the cash available on the balance sheet is going to be deployed into these new energy initiatives and also the recycling initiatives that we have started. And the new energy business after crossing certain critical milestones and until then the initial capital will be invested by ARBL.

As and when we see further infusion of capital need arises in that business, we will see what are the other possible alternatives in order to ensure that that business is sufficiently capitalized, both from an equity as well as a debt point of view.

There was a question about the dividend. Yes, we are currently following 15%, while our policy allows to go up to 30% of the PAT as dividend. Currently, we are following a 15% dividend policy considering the capital investments that we have in terms of these investments I have just talked about.

So with this dividend policy, we and the cash management we are able to do, I think we are confident that we will be able to fund the new capital investments without too much stress on our balance sheet.

Mr. Deepak Joshi asked about what is our revenue breakup. Our revenue comes about 30% from the industrial batteries and about 70% comes from the automotive batteries and the home inverter batteries. Out of this, roughly about 65% of our the automotive revenue comes from the aftermarket side and the rest comes from the OEMs and export side.

There was a question about the CSR spend breakup, as Jay was explaining in his speech. We do spend on schools, rural infra and also skill development centers. Roughly about 50% of the spend goes to the schools and colleges and out of the balance about 20% goes to the rural infra and the rest goes to the skill development center maintenance that we do.

And there was a question regarding how much renewable energy we are currently using. About 20% of our total energy requirement comes from the renewable energy. We have installed solar plants on the factory rooftops as well as we have a ground mounted solar plant. The details of which we have explained in the annual report that we have sent to you.

And yes, the plastic components part, capacity utilization was also raised as a question. Currently, the capacity utilization of these plants are almost at 85% to 90% level. So, we do not see a concern around the capacity utilization of capital -- plastic components business once it is merged into ARBL.

So, as far as the expenses are concerned, we are working on many of these fixed costs. There is in line with the business growth, we are controlling those expenditure and we will be spending those as and depending on what is the business value-addition that is going to come into those expenditure. So there is a constant effort to cut down wherever unnecessary or non-valued costs are coming in. So that way the efficiency of cost is not a serious issue that we are currently facing.

Yes, that is all the questions that were answered. Thank you. Back to you Vikram.

Vikramadithya G.:

Yes, thanks Delli. There was a certain question on dividend which Delli has explained. Overall, we have declared interim dividend and paid INR2.90 per share in November 2022. And the Board of Directors has recommended the final dividend of INR3.20, which will take the total dividend for FY '23 to INR6.10 which is in line with our dividend distribution policy.

There was one question by Mr. Boppana with regard to investor education and protection front. As part of the compliance of the Companies Act, the Company has transferred the unclaimed dividend and shares wherein dividend is remaining unpaid to a particular shareholder for a continuous period of seven years. We keep on reminding all the shareholders on a regular basis to make them aware that these amounts are pending with us. And we have specifically transferred these amount to a specific bank accounts for the respective years. After a period of seven years, they get transferred to IEPF. We take your feedback. We will try to circle back and try to identify some of the agencies which can reach out to these shareholders for the purpose of claiming.

There was also one question with regard to the number of permanent employees. So we have roughly around 8,000-odd permanent employees in the Company other than the trainees and all. So, and in terms of the diversity with regard to the gender as well as others, the Board of Directors are aware of these matrices and there is a periodic push towards increasing the diversity percentage so that we are in line with the general industry standards. We are better than the general industry standards. So overall, if you can see, there will be a continuous improvement over the last couple of years, which will further increase in the coming years.

There were certain questions with regard to our renewable capacity over the last two years, 2.5 years, we have increased on renewable sourcing. Earlier on, it used to be only 15%-odd, 15 megawatt, then thereafter, an increase to at present, 60 megawatt, and thereafter, again, in another -- this year, it would again increase by 7.5 megawatt further.

So from the Company's perspective, there is a specific focus on sourcing of power through renewable sources and also in terms of consumption of water, there is a constant push from the management to reduce, recycle, repurpose, use the water which is there as part of natural resources.

There was certain question on ESG. We have been -- we will be publishing a comprehensive sustainability report as per the GRI reporting framework, which shall demonstrate progress made on sustainable development goals and other material indicators. Amara Raja aligns with the Paris Agreement goal to keep the rise in global average temperature this century to well below 2 degrees centigrade above pre-industry levels and in winterization. We shall also be making disclosures against carbon disclosure projects under climate action for the year 'FY23. Amara Raja Batteries Limited supports the trend principles under UN United Nation Global Compact on Human Rights, Labor, Environment, Anti-Corruption.

During the year, we formally became a member of UNGC. We express our commitment to make UN Global Compact and its principle part of the strategy, culture and day-to-day operations of our Company and to engaging in collaborative projects which advances the broader development goals of the United Nations, particularly sustainable development goals.

We implemented AR ESG software to improve on ESG related disclosures and practices and performance of monitoring analytics. We have undergone limited assurance of our ESG data for FY '23 by DNB India, statement of which shall be also part of the sustainability report.

And with this, yes, Jay.

Jayadev Galla:

I hope that we answered most of the questions, but there are a few other questions that were asked today by the speaker's shareholders which I will now take up and direct to the respective person to answer.

First Mr. Arun Kumar Boppana, thank you for your comments, sir. And you mentioned about our values, and we definitely take our values very seriously. We have spent a lot of time defining them and understanding the meaning of them and making sure that all of our employees go through proper training process several times in their career to understand the meaning and how to live the five values of the Amara Raja, which we call Amara Raja Way, which include innovation, excellence, entrepreneurship, experiences, and responsibility. And I think we live those values every day, and we pride ourselves in the fact that we're able to contribute back to society by living with those values. So thank you very much.

You had a question on R&D, in terms of how do we ensure that our R&D efforts lead to products and the products lead to market opportunities. So let me ask Mr. Vijayanand, our President of New Energy, to take that question.

S. Vijayanand:

Thank you, Jay. We have recognized quite some time back that our internal capability to develop products from the scratch suited for the applications that we operate in the market is very important for us and even on the lead acid side we have built products for Indian market and markets that we otherwise participate outside India also using our own internal capabilities after absorbing the technology from our partner Johnson Controls.

Significant amount of product innovation and process innovation has been done. It is -- all the more important as we get into the new energy space with advanced energy storage technologies. Jay did talk about, you know, laying a foundation stone for our research facility yesterday and building the capabilities in the space. Right now we

have close to about 70 engineers and scientists working on the space of lithium technology. We will be substantially adding resources to this.

In addition to that we are closely collaborating with the research institutions both in India and outside India, design houses, supply partners to create a holistic capability in the research and development related to all kinds of futuristic energy storage technologies. We are very confident that over the years in in the next two to three years' time, we would have a full capability to build, develop and productionize production solutions that fit into the Indian market.

Jayadev Galla:

Also, Mr. Boppana had a question on the energy sector transition and how are we placed to benefit from that?

S. Vijayanand:

Energy transition is at the center of many conversations in government policymaking bodies, corporate sector, investment funds, so we recognize its importance. Part of our transition from lead acid technology as a major revenue to the new energy storage technologies is meant to take advantage of this energy transition investments that are happening around the world. The whole strategy of energy mobility is focused on how do we engage as the energy transition efforts go around.

I think the new solutions and products that we are evolving in the energy storage technology area would definitely put us at the forefront of that. And the renewable energy focus that the government has right now in adding solar, hydle, and various other renewable wind and other sources require a lot of energy storage capacity in the country. And we are closely working with the government authorities, closely working with our customers to identify opportunities early on and build products and capacities to address the market. We are very confident about what we can achieve there.

Jayadev Galla:

Mr. Boppana also asked about our human resources and how are we ensuring that our people are skilled to the level that they need to be. I think that one thing I can say is that we do run skill development centers where we develop skills right from the entry level stage itself. And we keep training people as they rise up in the organization to various levels, both on the shop floor as well as if they transition into management. We take, you know, I think we put a lot of effort into ensuring that our people get ongoing education and ongoing training and development throughout their careers. We're quite satisfied with the capabilities of our people. And even as we automate and bring in new generation technologies into our manufacturing process, we're able to retrain our people to be able to fit in very well with those new technologies and new way of doing business.

Coming to Mr. Praful Chavda, he has asked a question on what is the research and development that we are doing which will increase energy density in batteries? And another question regarding the lithium reserves in Rajasthan and Kashmir and whether we are going to benefit from those two. So if you could take those two questions, Vijay.

S. Vijayanand:

Energy density, cycle life, charge rate are three parameters that are very important in the lithium space, lithium chemistry space. We are working on multiple of those chemistry aspects. Well you know NMC and LFP become the mainstay at this point of time but what goes into making those recipes, how we formulate them, how do we make the electrodes will determine the energy density but let us also look at it.

Just pursuing higher and higher energy density is not necessarily the only solution that various other applications in India would require. We probably have to look at how do we solve the local and the light electric vehicle that requires short range where energy density is not the topmost priority. More cycle life and safety and

charge rates could be a priority there. So we are keeping a very holistic approach on developing technologies for various of these applications.

Obviously improving energy density is also a part of our target that we have for applications that demand a higher energy density and you will hear more and more about our product launches in the near term.

The question on lithium reserves that are identified initially in Jammu and Kashmir and later in Rajasthan is a very good news. But let's keep in mind that it takes a lot of effort, time and resources to tap into the mines where lithium is found. First we'll have to establish that the lithium found there is a substantial quantities in terms of the PPM levels in which they are available there. And they can be commercially viably extracted.

There's a lot of technology that goes into it, lot of resources in terms of water that is required and the fastest way a lithium mine newly formed can be commercialized into useful material being extracted from that is something in the range of 5 to 7 years. So well in the short term it would not benefit us, but if the identified results really provide useful and viable way of extracting the lithium from these deposits, there is a very good story for India in the long term.

Jayadev Galla: Thank you Vijay. Mr. Chavda also had two more questions. One is why is ARBL geographically concentrated and what are our plans to reduce the geographical risk? geographically concentrated and what are our plans to reduce the geographical risk and second the other question is regarding the status of old battery recycling and how ARBL is proposing to improve on this. So if I can ask our Chief Operating Officer Mr. Narasimhulu Naidu to answer these two questions.

C Narasimhulu Naidu: Thank you Jay. Coming to the recycling as we are all aware now the government of India has revised the PWMR rules to collect 90% of the batteries in next 5 years. We have taken necessary precautions for the collection of the batteries and recycling and we are also coming up with our own battery recycling facility at JIR location with 150 ton metric tons capacity which will be operational by April FY '24, financial year '24. So that is the progress we made on the recycling and coming to the geographical restriction currently our manufacturing place is located in Chittoor district in IIT and we are coming up with an aggressive plans to locate the Greenfield project in other parts of the country. Soon it will be announced with a capacity of almost 7.2 million batteries that is going to de-risk our operations from the one state.

Jayadev Galla: Thank you, Narsimhulu. Now I'm coming to questions from Mr. Deepak Joshi. One question he had about breakup of revenue that has already been answered by Delhi Babu. He also had a question about auxiliary batteries and EV, are we supplying right now and what is the future of that? And he also had a question on what are the different types of lithium ion battery chemistries and types of cells. So if I can ask Vijayanand to please take up those two questions.

S Vijayanand: Yes, very briefly Harsha touched upon auxiliary battery solutions. We do have products that fit into the auxiliary batteries required for electric vehicles, both the flooded as well as AGM or IT. We are working with some of our customers to supply these in their future platforms. As far as various chemistries in the lithium space is concerned, while NMC and LFP are targeted by us for commercialization in the initial phase of our Giga factory rollout.

As far as research is concerned, we will be exploring all those chemistries, fundamental research around them and the substitution of rare materials or critical materials like cobalt and nickel with more accessible materials. That will be the focus

from our side and we will continue to explore that. Initial commercialization efforts will be around NMC and NFP.

Jayadev Galla:

And Mr. Manas Banerjee also had a question on lithium-ion tech partner. Do we need a tech partner?

S Vijayanand:

Yes. I think there is an interesting period in India where many of the large cell manufacturers are deeply engaged and have their bandwidth kind of exhausted for serving the European and American markets where the volumes are pretty high. We have had deep conversations with many of them.

The way we are going to approach this is to put what we call as a string of pearls approach. We would have the right partners for specific requirements where we need that help. Otherwise we'll be building that capability internally. And we have already started working with many of them. You would be aware that we did make investments into some of the potential technology startups, both in India and outside India.

And, you know, that's the way we will be looking at. And as we go forward, when opportunity arises, we are pretty open to have deeper engagement with the potential global cell manufacturers that would help us bring those technologies, latest and contemporary, to India.

Jayadev Galla:

Thank you Vijay. There is a question by Mr. J. Abhishek on the current employee count. The current employee count is just under 8,000 full-time employees as of the end of the last financial year. That is actually 7,993 to be precise. And the average age of our employees is still at 31. So it's a very, very good spot to be in.

We did have some, he also asked about COVID challenges. We did have some COVID challenges, but I don't think that we were able to bounce back very fast, faster than the rest of the industry. So I think we were able to get through it with minimum impact on us. And we also were quite proactive in how we addressed the issues and supported our employees during that entire process, both from economic point of view as well as a health point of view.

There were some questions on the fire accident which have been answered. There were some questions on CSR breakup which has been answered. Women employment, we certainly are looking at increasing the level of women represented across our workforce right from top to bottom. We're very committed to it and we hope to continue to improve on that.

I think most of the other questions have been answered. Coming to final question, which was the most asked about, was the dividend and whether we can increase the dividend and what about bonus and all of that. I think over the years, we have been rewarding the shareholders quite well.

And 15% of our profit is something that we have maintained as a policy now for quite some time, almost, you know, getting close to 20 years, I think, since we first started that policy. There have been some deviations, both going lower and higher, depending on the needs of the business and the context of the business that we're operating in and the area that we're operating in and the area that we're operating in.

But I think that you can rest assured that we will continue to keep 15% as a standard payout of dividend. I think that's quite reasonable and quite consistent with any other high growth companies, not only in India, but across the world, because we need to

conserve capital to be able to continue to grow and to continue invest not only in capacity expansions, but even in research and development activity going forward. You know, the technology scenario is changing, the application scenario is changing. If we need to be staying ahead of the curve and staying competitive in all these areas, we do need resources. And as you know, we've remained a debt-free Company for most of our history, and we are not afraid to take debt, but we have to ensure that we have capability to pay that debt back within the stipulated time period.

So I think all things said and done, that 15% to 30% is the range that we want to be on, and in periods where we are investing heavily on future growth, it will definitely be closer to 15%. I think that that is an assurance I can give you, and if and when possible, if we have extra cash to spare, we certainly will be looking at rewarding the shareholders further. And bonus, I think, going forward, as and when we feel it's necessary, certainly we're not going to shy away from that either.

I think that answers most of the questions that were asked today. If there's anything further, please feel free to write to our secretarial department, and they'll give you a written response. I'd like to take this opportunity to extend my gratitude to the attendees for participating in this meeting via video conference.

I would also like to extend my gratitude to the members as well as the rest of the team for their contributions to the accomplishment of this AGM. I would like to thank each of my fellow board members. I would like to remind those eligible members that they will have the opportunity to vote electronically for an additional 15 minutes after the conclusion of the meeting.

The Company Secretary, Mr. Vikas Sabharwal, has been given authorization to receive the scrutinizer report and make the announcements regarding the results. I now declare the meeting as concluded. With your consent, I and other members of the Board and Senior Management Team would like to leave the meeting and request all the members to stay safe and healthy. Thank you very much.
