

# TRANSFORMING TO THE GIGA SCALE

DEAR SHAREHOLDERS,

It is my privilege to have the opportunity to address you and share how we at Amara Raja view the emerging **new energy** landscape. As you may be aware, I am reaching close to a decade with the Amara Raja Group and have had the opportunity to witness a number of disruptions hitting our businesses.



**W**ITH shifting business and technology landscapes, the Group felt a bold new direction - from battery to 'Energy & Mobility' - was in order, and I have been tasked with leading the New Energy vertical. This differentiation allows us to continue delivering growth in our core business while taking dedicated and proactive steps to make ready solutions for emerging applications.

In the near term, the priorities in this business will be to aggressively invest behind Talent and Technology. While there are a number of hurdles to overcome, these will undoubtedly be the critical success factors.

I keep coming across references to there being a global war for talent, and I admit this is no understatement. There are multiple tectonic shifts in the talent landscape that are worth pointing out. There were several trends preceding the Covid-19 pandemic that found permanency as a result. While the list can be exhaustive, at the core talent demands a greater degree of flexibility than ever before. In addition, with a record number of startups emerging every year, the professional world has also seen a rapid flattening of traditional corporate hierarchy and far more empowerment from day one. The final

aspect I would care to point out is that corporates, more than ever, have been using purpose as a key driver to attracting talent. We have seen an explosion in terms like sustainability, net zero, responsibly sourced, and many more. All of these culminate in inculcating talent with purpose. While we take great pride in the culture we have built at Amara Raja over the past few decades, we must also be open to transforming ourselves as needed. As a company, we are also striving to provide greater flexibility, empowerment, and purpose to recruit the best talent from not only India but the world.

**Simply put, my job is to build the team that will build the business.**

Speaking beyond a point on technology will be the equivalent of crystal ball gazing. We receive reports on a daily basis of promising new technologies, but at least for now, we are confident on the prospects of lithium-based battery chemistries to address the significant markets of electric mobility and stationary energy storage.

In India, the uncertainty surrounding electric mobility some years back is largely cleared up and as proof we are seeing a rapid increase in the number of electric vehicles on the road. There are still some hurdles to overcome around areas like safety with the recent spate of fires, availability of charging, cost, and performance characteristics, but any apprehension

around lack of demand has largely faded. I would even go as far as to say that all of the aforementioned issues need to be ironed out, but the eventual transition to fully electric mobility is inevitable. The question today is not if, but by when. Today, the transition is happening rapidly in the 2 and 3-wheeler spaces. While there have definitely been successful entries, we are yet to see significant momentum in the 4-wheeler and commercial vehicle space. These segments have more long term hurdles that need to be overcome, but again keeping in mind that the question is when and not if.

As Amara Raja, we have made important investments in creating relevant infrastructure and in building capabilities. We have invested in a state-of-the-art R&D facility to assemble battery packs as well as to manufacture lithium cells. This was a first-of-its-kind facility by a private player in India. In FY22, we invested in a couple of technology start-ups to support in the development of lithium cell chemistry and manufacturing technologies. We continue to actively scout for promising technology in cell chemistry, pack design, and power electronics with the aim to manufacture and supply safe, world-class solutions customized for optimal performance in the Indian Ocean Rim markets that we serve.

We have built strategic supply partnerships with key 2 and 3-wheeler players in India for battery packs and chargers, with a cumulative on-road experience of 85 million

kilometers traveled. This has provided us with invaluable data to help us continuously improve our products. In addition, we continue to supply packs to our Telecom customers with an eye on a larger future demand fueled by 5G adoption and small cell sites. In FY22, we scaled up our product portfolio, delivery capacity and market presence. I take this opportunity to mention with immense pride that we are one of the first players to achieve IATF 16949:2016 & ISO 9001:2015 Certification for our Li-Ion batteries.

We are fast tracking our project to set up a Customer Qualification Plant (CQP) that will serve as a commercial pilot line to onboard new customers and support product development efforts. Investment in a gigafactory of 10 to 12 GWh would closely follow, along with the provision to expand further in line with market demand. The CQP will allow us to work with a number of different cell chemistries and formats with the final selected products making their way into the Giga factory for commercial production.

**We stand at a critical juncture for the business, but the future is indeed bright and the teams are geared up and energized to navigate the company through what lies ahead.**

WARM REGARDS,  
**VIKRAMADITHYA GOURINENI**  
 EXECUTIVE DIRECTOR- NEW ENERGY BUSINESS