AMARA RAJA | ENERGY & MOBILITY

June 04, 2025

National Stock Exchange of India Limited
Listing Compliance Department
Exchange Plaza
Bandra – Kurla Complex
Bandra East, Mumbai – 400 051
NSE Symbol: ARE&M

BSE Limited
Corporate Relations Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001
BSE SCRIP CODE: 500008

Dear Sir / Madam,

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

In reference to our letter dated May 26, 2025, the transcript of the Investor/ Analyst call held on May 30, 2025, is enclosed herewith and the same is also available on the website of the Company at https://www.amararajaeandm.com/Investors/statutory-filings-with-stock-exchange

This is for your information and record.

Thank you

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

VIKAS SABHARWAL

Digitally signed by VIKAS SABHARWAL
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Vikas Sabharwal
Company Secretary

"Amara Raja Energy & Mobility Limited Q4 FY25 Earnings Conference Call"

May 30, 2025

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Amara Raja Energy & Mobility Q4 FY '25 Earnings Conference Call hosted by Elara Securities (India) Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jay Kale. Thank you and over to you, sir.

Jay Kale: Yes. Thank you. Good evening, everyone. On behalf of Elara Securities, I welcome you all to the Q4 FY '25 Post Earnings call of Amara Raja Energy & Mobility Limited. From the management side, we have with us today Mr. Harshavardhana Gourineni, Executive Director, Automotive and Industrial; Mr. Vikramadithya Gourineni, Executive Director, New Energy Business; Mr. Y Delli Babu, Chief Financial Officer. I would now like to hand over the call to Mr. Delli Babu for his opening remarks. Over to you, sir.

Y. Delli Babu: Thank you, Jay. Good evening, everyone. Thanks for coming in. I will briefly discuss the Q4 performance as well as some brief about the full year numbers. And then I'll hand it over to Harsha for his remarks and then to Mr. Vikram and then we will open up for Q&A. In Q4 FY '25, the consolidated revenue is about INR3,060 crores with a growth of about 5% over the previous year. 95% of this revenue still comes from the lead acid business.

The balance comes from the New Energy Business. Lead Acid Battery business registered a revenue close to INR2,900 crores during the current quarter with a growth of about 4% over the previous year. The major segments of the lead acid business registered growth during the quarter, except for telecom, and there is a bit of a slowdown in the overall exports business during the current quarter.

The standalone results includes the pack sales that is done to the telecom segment by about INR100 crores. That's where you will see that the overall revenue growth is about 8%. The 4-wheeler domestic aftermarket volumes grew by about 9% on a year-on-year basis during the current quarter, and the OEM volumes have shown a strong growth of about 15% during the current quarter.

With respect to international volumes, we have experienced a muted demand in the current quarter, both from our Western geographies as well as some bit of slowdown that is witnessed in the APAC region. The demand challenges in export market has resulted in current quarter reduction of about 10% over the previous year. While on a full year basis, we have still grown our export business more than 12% to 13%.

The 2-wheeler volumes have registered a growth of about 13% during the current quarter, and this is driven both by the aftermarket as well as the OEM segments. Home inverter batteries have also seen a double-digit growth, close to 17%, both on tubular batteries as well as the HUPS that we sell through the automotive channel. And for the first time, the lube business has also seen a INR40 crores revenue for this current quarter.

Industrial volumes, UPS business has shown a healthy growth, whereas telecom, we have clearly seen a degrowth in the lead acid business by almost 15% on a year-on-year basis. That's where the overall industrial volume growth has been muted for the current quarter. The New Energy Business has all shown a very good growth this year, owing to higher supply of ESS batteries to the telecom segment and also the EV batteries have continued to perform based on the last year numbers.

When we look at the entire revenue growth of this business, including the chargers as well as battery packs to both EV and ESS segments, 35% kind of a revenue growth is what we have seen in this current quarter. While the 3-wheeler EV battery volumes was kind of muted during the current quarter, considering the demand from the OEMs that we supply to.

We expect that, on the charger side, there could be some more traction in the coming quarters as some of the localization efforts and some of the DC fast chargers products are getting ready. So we will see some more traction on that in the coming quarters. As far as the profitability and operating margins of the current quarter is concerned, they are affected negatively by material cost, predominantly some of the alloys like antimony alloys.

And also, we had a challenge with respect to the power costs because there are certain fuel purchase cost adjustments that are being passed on by the government in the last couple of quarters, and it continued to hit us even in the current quarter. Apart from this, there is also a delay in settlement of power by the government for the power that we have generated in our ground-mounted solar plant because of certain regulatory changes.

We hope this will get corrected during the current financial year. But together between the material cost as well as the power cost and also considering the fact that the trading revenue is also higher during the current quarter, the overall margins got negatively impacted by roughly around 1.5% to 2% -- we have also made certain changes to the overall estimates regarding some of the provisions around warranty and other employee costs, etcetera, so which is where we also had to take some additional provisions during the current quarter that also had some impact on the overall margins.

As far as the full year FY '25 is concerned, our overall revenue growth is about 10% on a consolidated basis, whereas the lead acid business has posted a double-digit growth. And with respect to New Energy Business the same kind of revenue was seen as compared to the last year because some of the OEM demand that is being lower and also the ESS battery, that is storage battery demand also has picked up towards the latter half of the year, and we expect both the sectors to do well next year.

The full year margins are also impacted negatively by about 1.5%, owing to the factors that I have explained in the Q4 related margins. Similar kind of factors were also involved in impacting the margins. We have taken a price increase in the month of April to mitigate some of these cost numbers. But I think the issue of power and some of these antimony prices is still persisting even in the Q1 of the current year.

So we may have to see how to mitigate some of these cost pressures in order to again improve our margins back to 14% kind of target that we have set for ourselves. Then during the current year, I think there has been significant efforts in terms of throughput enhancement that's going to give us more operating leverage going forward because we are able to add capacities without incurring additional capex. We expect that should improve our return ratios going forward.

As far as the capex spend on a consolidated basis this year is close to about INR1200 crores of that significant portion has gone into lead acid business, including the tubular battery reinstatement. So if I remove the tubular battery reinstatement, which took about INR400 crores out of it, roughly about INR500 crores of capex was spent on other capital investments in the lead acid business.

The balance INR200 crores to INR300 crores were spent on the New Energy Business in setting up our customer qualification plant and the research lab and also the land development for our first gigafactory. And the lead acid recycling plant has commenced its commercial operations during Q4, and we expect that further ramp-up will happen during the current year.

For FY '26, we may have to spend a capex of a similar amount as what we have spent during the current year. But this year, the bulk of capex will go towards the New Energy Business in terms of completing the balance three projects that are currently under construction. With that brief on the Q4 numbers, I'll now give the call to Mr. Harsha to give an overview of the business.

Harshavardhana G: A very good evening to everyone. For the recently concluded financial year FY '25, the lead acid business witnessed a double-digit growth overall. This was strongly aided by the robust growth in the domestic aftermarket for both passenger vehicles and 2-wheeler where demand was strong. And we managed to also grow ahead of the market, helping us grow and consolidate market share.

In the OEM business, we've seen a similar growth rate to the previous year with a little bit of muting coming in Q4, as our CFO has mentioned. In our international business, exports, the Amazon brand continues to be the number 1 brand in the markets of Singapore, Malaysia, Cambodia, number 2 in the GCC. And we have been able to establish two strong customers in North America through the largest retailers.

And to add to our geographical expansion, we've also entered the U.K., Greece and the Benelux region of Belgium, Netherlands and Luxembourg. We're happy to have expanded into Europe and more European geographies will be coming online later going forward. We did experience some headwinds, some deferrals of transactions in Q4. But overall, for the year, experienced a double-digit growth.

In Industrial, the growth in the UPS and data center segment has compensated for the downturn in telecom. We will be growing this application and also growing it through exports going forward. In our allied businesses, while we are leveraging our strong distribution network of 500-plus channel partners, the lubricants business has taken off in a significant and a good way, adding significantly to the bottom line.

Our Home Energy business has also experienced 20% growth. Going forward, we'll also be developing products for home solar solutions and lithium, home UPS. Our recycling unit has come online in Q4. We have a starting capacity of about 50,000 metric tons per annum, scaling to 100,000. This is allowing us to, of course, maintain resource security, improve our ability to source in an efficient way.

And we are also building capabilities around making our own alloys, allowing us to retain value. The tubular battery plant reinstatement is underway with commercial production starting in June, allowing us to put our own manufactured products into the market with less reliance on trading. And many of our digital initiatives have been paying off. We've been able to unlock significant capacity without investment, and we'll be looking to do much more of that through Industry 4.0 mechanisms going forward. Thank you.

Vikramadithya G: Good evening, everybody. I'll just take a few minutes to talk about our New Energy Business. For the year, of the New Energy Business remained pretty flat in terms of revenue. But I can say that we're working hard. We're adding a new accounts. There were some areas where existing customers have some loss in market share. We decided to leave some business in some lower-margin segments.

But the pack development, especially for the light electric mobility for especially the electric 2-wheelers and 3-wheelers, we believe Amara Raja still remains a strong number 1 in the market. We continue to engage with passenger OEMs along with our partners to localize cells and packs and we'll hopefully have some updates in the coming quarters.

For the off-board charger that we launched this past year, this is an off-board DC localized charger. We did face some teething issues, some field performance issues, but largely with the new testing and validation design lab setup and the processes in place, we believe that a lot of these field issues have been resolved. And this year, we should see more robust growth in this segment.

For the DC fast charger, this is a segment that's slowly growing across the country. We have a full range of products all the way up to 240 kilowatts and these are fully certified and ready to go into the market. And recently, we have a two sizable orders from private charge point operators that is under execution right now.

Mostly this year has been about continuing our infrastructure rollout. Just to recap, as they've been shared in the past, we currently operate two pack facilities that will have a cumulative eventual capacity of 7 gigawatt hours combined. In these two facilities between Tirupati and Hyderabad, we are manufacturing packs for telecom, UPS and light electric mobility applications.

And as we enter into new segments like battery energy storage, data center, high-voltage packs for passenger vehicles and buses, our existing facilities will continue to expand and reach our cumulative capacity. The R&D facility that we are building in the city of Hyderabad should be up and running by the end of this calendar year as well as the customer qualification plant. Both facilities are on target as per what we've earlier shared with you.

Once online, both of these facilities will help to vastly upgrade our internal development capabilities and help to ensure that in addition to technology partnerships and alliances that we're entering into the in-house development capability on Amara Raja will also be on a fast track. We broke ground earlier this year on our first gigafactory that should see capacity coming online around in the first half of 2027.

We believe that the market demand remains robust. This factory should be up as per the timelines that we've earlier communicated. Further capacity additions and new facilities will be directly tied to firm offtake, which we're actively working on. One additional area that we're bringing a little bit of additional more focus to is ESS at various levels.

Harsha mentioned that while we are aggressively ramping our home energy business, there's also a need to bring new advanced chemistry like lithium into the home energy business. We have multiple models under development at the moment. And within the next quarter or 2, we'll be entering for field testing and validation and should be ready for a full-scale launch for next season.

For the grid battery energy storage systems, as a group, we run several businesses, one being as a design and development agency for renewable energy. We won a couple of orders for grid-scale battery energy storage, and now we have the opportunity to bring our in-house solution and locally made solutions into the market. So this year, we should be getting some more valuable experience.

Up till now, we've done proof of concepts and containerized solutions for our in-house requirements. And for the first time, we'll be having external orders as well. I'll hand it over to Delli Babu.

Y. Delli Babu: Yes. I think those are the initial remarks. I now request the operator to open for Q&A.

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

Kapil Singh: This is Kapil from Nomura. My first question is on the margins. You mentioned that the target is 14%. Could you give us some details in terms of how those margin levers will work? How much price hike you have taken? And are you facing any further cost pressures in the coming quarters?

Just some thoughts around it. Also, I think our tubular battery plant is about to start as well as the -- apart from the tubular battery plant, we have the lead recycling plant also starting, I think, in the next 3 months or so. So what will be the contribution -- positive contribution to margins from these?

Y. Delli Babu: Yes. Thanks, Kapil. As I have mentioned already, the cost of some of the alloys as well as power-related costs will continue into the next quarter as well. And we'll have to see how they will play out in the subsequent quarters. And clearly, once the tubular factory is up and running, we replace the trading mix part of it will get solved because we'll be able to use our own manufactured batteries as well.

So I think considering these one-off issues and also the additional margin, fixed cost leverage that's going to come up with the tubular battery being operational, while I have mentioned earlier also that at this lead level,, while 13% kind of a margin is what we have seen earlier, our internal target is definitely to reach our originally stated position of 14% margin.

So between these two initiatives of the tubular battery as well as the lead being recycled by ourselves, while lead recycling may take some more time because the battery breaking operations are going to come into operation only during second or third quarter of this financial .

The refining operations have commenced at this point of time. So we hope that with these new manufacturing facilities coming up. And also, as Harsha was mentioning, some of the throughput enhancement, for example, you would have seen in the presentation that we have placed in the domain as well that we are almost able to add 6 million battery capacity over and above our existing capacities without adding much of a capex.

So all this should give us more help in the coming period, we'll be able to meet higher demand requirements without much of a capex getting invested in some of these areas. So this should help us in the coming quarters to improve our margins, while some of these headwinds on costs may persist for at least a couple of quarters.

Kapil Singh: Sir, on the pricing, can you also mention how much increase we have done?

Y. Delli Babu: 2%.

Kapil Singh: Okay. All right. The second question is on New Energy Business and particularly the cell business. Is there a shift in the timelines of the commencement of operations? If you could just let us know what is the reason for that? And also in terms of the imported battery price, is there any change that you observed in the market from last time or they are operating around the same levels?

Vikramadithya G: The first gigafactory, which I shared about earlier that we broke ground on, I think barring a plus or minus a few quarters, it's largely in line with what we've been sharing up till now. So that capacity should be coming online more or less as planned, largely catering to our light electric mobility business.

Further capacity, while the ultimate goal of this facility about 20 gigawatt hour plus is still -- we are still fully committed to it. It will really go as per firm -- customer contracts that we signed. So while those are in the works, I think I don't want to commit on any specific date.

As for pricing, definitely, I think everybody would have observed that the pricing coming out of China right now is quite aggressive. The cell pricing, the ESS pricing. So definitely, that's been on a downward trend. We're waiting to see if that's stabilizing anytime soon. And obviously, our investment decisions will also be much hinged -- further investment decisions are much hinged on our confidence in being able to meet these prices.

Kapil Singh: Sure, sir. What is the price for LFP and NMC batteries currently that you're observing?

Y. Delli Babu: I think LFP, we have seen the best price in some cases was seen around $50 per kilowatt hour, but it is still around that $55. But we have also seen based on the import data, one-off case where there was even sub-$50 level as well. NMC, I think considering the lower quantity that we are buying, it is still around $60 or so. But both are on a downward trajectory, at least in the last two, three quarters.

Vikramadithya G: I think that while we observe certain range of, let's say, LFP prices, the ranges could drastically vary. It depends what cell you're buying, what quality -- it can vary very quite drastically. So I think we can only comment based on the cells that we purchase and for the applications that we are in the market today.

Kapil Singh: Sure. Thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Raghunandhan NL from Nuvama Research. Please proceed.

Raghunandhan NL: Sir, firstly, in terms of the lithium cell project, what has been the investment so far? And what is the plan for FY '26 and '27?

Y. Delli Babu: Raghu, so far, about INR850 crores is invested into ARACT of that during the current year, almost INR250 crores has been spent on the facilities that are coming up. Next year, the overall plan for the New Energy Business in terms of capex will be around close to INR1,000 crores, considering all three facilities are going to go full pace.

So there could be some delays in terms of equipment arrival and then the how vendors are going to give timelines. It may change by maybe about 15%, 20% in terms of cash flow. But I think New Energy Business would require at least INR1,000 crores capex for the FY '26.

Raghunandhan NL: Got it, sir. And EV launches has become a focus area for several OEMs. How are the discussions progressing with OEMs for becoming one of the suppliers? Any progress? Or how are they looking at local sourcing versus imports, your thoughts on that?

Vikramaditya G: I think there's definitely some challenge. There's several OEMs that are quite keen to get localized cells in India. Obviously, the challenge comes from setting up a brand-new ecosystem in India of cell manufacturing, but while also expecting some of the prevailing prices that are coming out of China and other more mature cell markets.

So we continue to discuss with them. We still maintain that at least in the initial period that manufacturing takes off in India. And probably this delta would be even higher in some other parts of the world. But we believe that we're going to definitely be paying anywhere from 15%, 20% penalty to make cells in India on day 1.

And over a period of 5 to 10 years, we see that gradually coming down with several other developments coming into place like the local supply chain, local vendors coming up for the cell ecosystem. And obviously, our own cell makers, our capacity is ramping up and getting the right efficiency and yield as well.

Raghunandhan NL: And at what level of capacity and utilization can you achieve, say, EBITDA of $5 per kilowatt? How are you looking at profitability?

Y. Delli Babu: Raghu, as I mentioned earlier also, I think, however, if we are able to get over and above the material cost, if we are able to get $20 to $25 per kilowatt hour, then I'm sure an EBITDA of $4 to $5 is possible. That is something much will depend on the scale efficiency. At this point of time, we believe, as I mentioned earlier as well, considering the current capex costs that are coming in and the line capacities that are coming in.

It may still need about 8 to 10 gigawatt hour of capacity for us to achieve those kind of numbers. But a significant part is also going to be coming in how do we get the right supply chain in place because that is going to play a very vital role in determining what kind of margins we will accomplish. So there is no as such big change in terms of the cost equation like what we have discussed in our earlier calls as well.

Raghunandhan NL: And just a clarification. For Q4, 4-wheeler, you said OEM growth is 15%, aftermarket 8%, export minus 10%. Would that be right, sir? Just reclarifying.

Y. Delli Babu: Yes.

Raghunandhan NL: Got it. How much would be the UPS growth?

Y. Delli Babu: Industrial UPS?

Raghunandhan NL: Yes, sir. Home inverter, you said 17%, UPS 15% and overall industrial?

Y. Delli Babu: Overall industrial is muted because the lead acid on the telecom side has shown a similar degrowth.

Raghunandhan NL: Got it, sir. Just a last question. In one of the slides in the presentation for the Indian lead acid battery market to go from $4.6 billion to $5.8 billion over the next 5 years, that represents only a 5% CAGR in terms of growth. So would that be a conservative estimate? Or are you looking at growth rates coming down to mid-single digits?

Y. Delli Babu: Yes. See, considering the higher base, that is on the overall lead acid market. So you know that we are already seeing migration of some of the storage segment batteries to other chemistries, right? So if you take both storage as well as automotive segments put together, the growth rate could be what it is.

Obviously, our estimates are a bit conservative at this point of time, but that is more to do with the Indian scheme of things alone. But our overall growth and then the plans are not only looking at the Indian market alone, but it is also looking at what we can do elsewhere in the globe.

So that way, the business plans definitely will take into account what's happening in the Indian market. And considering that being the overall market demand that has been projected, while the automotive will still have substantial growth headroom from here. So that way, it may not be the complete reflection of how we are going to plan our business.

But domestically, when we put together all the segments, both storage as well as mobility, that's how the numbers have panned out. I'm sure we have definitely been conservative with whatever numbers we put out there.

Raghunandhan NL: Got it, sir. Very helpful. Thank you.

Moderator: Thank you. The next question is from the line of Rushabh Shah from Buglerock PMS. Please proceed.

Rushabh Shah: I just wanted to know how will your cash flow plan out in the next couple of years? And like what will be the payback period of the new -- of the capex in the new business?

Y. Delli Babu: The New Energy Business at this point of time to put a payback number around it would be difficult because it is a strategic move. The capex that we are currently incurring is not only for the immediate business, but it is for a long-term capability development. Both our customer qualification plant and our e-positive research lab, which is going to consume close to INR1,000 crores of capex are more of capability enablers for us to scale up the New Energy Business significantly going forward.

So at each cell project level, currently, the payback periods are definitely on a higher side. But I think we have to wait and see –to get a benchmark numbers around this until we reach a minimum capacity levels of, like I was mentioning earlier, 8 to 10 gigawatt hour. From our cash flow management point of view, we believe the first phase would require in the New Energy Business close to INR2,000 crores to INR2,500 crores, which we believe we can easily meet with our existing lead acid business cash flow generation, maybe some bit of leverage that we have to take on the balance sheet of the holding company.

Thereafter, we have to see when the further capacities when they have to be added, that's when we will think about other means of raising finance because by that time we would have stabilized the -- at least our first giga lines very clearly, we would have definitely had some of the customer accounts getting established. So we'll be in a better position to really go and then get the money at the right value.

And then we are confident that we'll be able to source money for the expansion of the New Energy Business.

Rushabh Shah: Sir, my next question is in terms of gross margins as compared your competitor is bit better than us. So just wanted to know the reasons why is it better than -- is it because of the raw material procurement or the lead acid -- lead recycling? Just wanted your thoughts on that?

Y. Delli Babu: See, historically, our gross margins are better because of two major reasons. One definitely is the mix because our aftermarket mix is favorable as against the OEM mix. And secondly, considering our facilities being located at the same location, there is a huge amount of scale advantage we derive in terms of whether it is employee cost or whether it is through the other manufacturing expenses, etcetera.

And we also had the distribution model being pretty robust so that's where we had better realizations as well as lower manufacturing costs and the employee cost. That's where we had the advantage and then the gross margin being better. And we hope we'll be able to continue that going forward as well.

Rushabh Shah: And so just a follow-up on this one. Is it the reason for the inventory days also? Because on an average, your days for inventory for a 5-year average around 60 days. For a competitor, it goes up to 75 days. So what could be the reason for that?

Y. Delli Babu: No, I think I can only comment on our numbers. Our idea is that our DOH levels cannot go beyond 56 or 57 days. There could be some seasonal impact of it because of the tubular factory, generally, we create higher inventories towards the end of the year to meet the upcoming season in the summer.

So that's where you will see on the balance sheet day, the inventories being a little higher. But otherwise, we generally try to maintain a 55-day kind of an average and then run the business that way. So but that's been the required DOH days for the business.

Rushabh Shah: Okay. My last question is in the new plant of lithium-ion.

Moderator: Sorry to interrupt Mr. Rushabh.

Rushabh Shah: Just last one, just -- its a small one. The new lithium-ion plant...

Moderator: There are several participants waiting for their turn.

Rushabh Shah: It's a small one. The new plant of lithium-ion, which is going to come up, is it going to cater both auto and industrials?

Y. Delli Babu: Yes. At the lithium it is -- the packs, we are currently supplying both to the auto segment as well as storage segment. And it goes the same way even for the cell facility.

Rushabh Shah: Okay. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Mukesh Saraf from Avendus Spark. Please proceed.

Mukesh Saraf: My first question is on the margins this quarter. The other expenses, I think last quarter, you had mentioned that there was a INR37 crores kind of an impact -- kind of a one-off impact, which probably would be lower this quarter. We expected about 40 bps impact because of the fuel cost going up. But we've seen that the numbers broadly flat Q1, about INR440 crores. So is there higher-than-expected impact of these -- the fuel costs that you had mentioned in the other expenses, the surcharge?

Y. Delli Babu: Yes, Mukesh. In addition to this fuel purchase cost that got loaded, this quarter also, there is a regulation change that has happened in terms of how we transmit the power that is coming up from our ground-mounted solar plant. Some of the settlement that has to happen at a cheaper rate because the cost of power coming out of our ground-mounted solar plant is much lower than what we buy from the grid.

So since those settlements got stopped, that's where I think we had to incur higher power cost during the current quarter. We are now working with the regulators to see how we can get back those monies in the coming quarters. So it together, again, we created a similar impact even in this quarter as well.

Mukesh Saraf: Okay. And so I mean, one is this the solar thing that you need to get back from the regulator, but the other costs that we saw last quarter, that will come off from, say, 1Q?

Y. Delli Babu: No. I think now with the way we hope, I mean based on the regulatory commission's decision in the next year is when we'll have the visibility. But for now, we assume that may continue in the similar lever, and then we are creating those provisions in the books. So if at all next year, regulatory commission decisions goes the other way, then we'll be able to get some relief out of it. But otherwise, I think those costs are going to persist even in the next year.

Mukesh Saraf: Okay. So in light of this, the price hike that you have taken and you mentioned that you might have to take more, you've taken this 2%. So how much more would we have to take to offset some of these costs that are hitting up?

Y. Delli Babu: No...

Mukesh Saraf: Both I think margin, the gross margin level as well because antimony as well has gone up. So how much more do we have to?

Y. Delli Babu: No. I don't think price hikes, we will simply base it on all costs being passed on to the market because we also have to look at how the competitive dynamics are also. So I don't think I can give you a number at this point of time. We may have to wait for another couple of months before we take a decision around whether there is a need for a further price rise or there are opportunities for us to save some of these costs and then still maintain the current prices.

Mukesh Saraf: Okay. And just lastly, how much was the traded revenue this quarter?

Y. Delli Babu: About 15% of the revenue is from trading.

Mukesh Saraf: 15%, okay. All right, sir. Thank you. I'll get back.

Moderator: Thank you. The next question is from the line of Abhishek Jain from Alfaccurate Advisors Private Limited. Please proceed.

Abhishek Jain: Sir, are you facing any supply issues on the critical materials of antimony from China, which can hurt the productions in the coming quarter? Is there any supply constraint also because of the regulate -- change in the regulation or anything?

Y. Delli Babu: No, there is no supply constraint per se, but definitely, the prices have gone up. We are able to source the material that is required for our production, but the prices have definitely have gone up. I think partially because of some export restrictions that we hear that the Chinese government has put in. But I think as of now, we don't have any supply constraint as such.

Abhishek Jain: Okay. And sir, in this quarter, we have seen a sharp jump in the purchase of the traded goods items. So what was the reason or will it reduce going ahead?

Y. Delli Babu: Yes. As you know, the Q4 generally is the time where we buy those batteries for the summer season for that inverter business. Going forward, obviously, once we start our manufacturing activity, the amount of trading that we do will come down, but we will still need some batteries through the vendors because our requirement will be higher than what the capacity that we have put up.

Abhishek Jain: So that means after this plant, most probably that Q1 and Q4 requirement will go down and that's where the margin will improve?

Y. Delli Babu: Yes, that's the expectation.

Abhishek Jain: Thank you, sir. That’s all from my side.

Moderator: Thank you. The next question is from the line of Nitin Shakdher from Green Capital Single Family Office. Please proceed.

Nitin Shakdher: This is Nitin Shakdher from the Green Capital Single Family Office. So my question is more from as an investor in the company rather than an analyst. So what are your conversations happening with your large automotive clients in terms of Tata, Mahindra, Suzuki, Ashok Leyland, Hyundai?

How are they seeing production pan out demand for 4-wheelers, 2-wheelers, commercials? And how will that get impacted in terms of order book versus vehicle production for the company. Just wanted to get a management perspective on the conversations happening with OEMs for this year?

Y. Delli Babu: See, from the overall, generally, OEMs do share with us what's their plans on a monthly or a quarterly basis. As of now, based on the production plans that are being shared with us, we see that the 4-wheeler growth is kind of flattish. Because - our market share in the 4-wheeler is about 35%, 36% on the OEM segment.

We are seeing the volume projections to be a bit flattish, but we expect that during Q2, there could be some uptick in the volumes. As far as 2-wheeler is concerned, yes, Q1 of this financial year has been a little and the volumes are on a downward trajectory. We hope that there will be an uptick in the OEM demand in the next quarter. That's what we are seeing based on the supplies that what we are doing today.

Nitin Shakdher: Okay. That's sort of helpful. And a follow-up to that. So I do understand that there's a bit of an export OEM structure which the company might interface with in terms of tariffs and specifically for export demand from the automobile manufacturers and then obviously putting demand to yourself. So what is the conversations on tariffs and export demand from the company? I mean any conversations on that?

Y. Delli Babu: No. See, our exports is predominantly to aftermarket. We don't supply to any OEMs per se in our export business. We only cater to the end consumer. But at this point of time, there could be two impacts on account of these tariffs. Number one, the U.S. customers are kind of wait-and-watch mode to see how to balance their supply chains in terms of ensuring that they are getting at the right cost.

So we are seeing some changes in the order flow from some of our U.S. customers. But the larger impact possibly could be if countries have differential duties, I mean, if for example, if India were to have a lower duty structure as against, let's say, some country in Southeast Asia, then obviously, their capacities in order to fill, they may start looking at elsewhere market.

So we may see some changes in the competitive intensity in some of our export markets, and we have to see how this whole thing is going to get settled. But at this point of time, it is still a bit of a flux situation today, maybe one month or maybe two months down the line, how based on these trade agreement discussions, how they pan out might give us an idea which way this is going.

Nitin Shakdher: Okay. Sure. Thank you. That’s very helpful and that’s all from my end. All the best for this financial. Thank you.

Moderator: Thank you. The next question is from the line of Ravinder, an Individual Investor. Please proceed.

Ravinder: This is Ravinder. I'm an individual investor. I am a long time investor in Amara Raja and I started investing in this for the last 10 years, maybe 2015, '16. Yes, I commend the company's consistent operational performance. Yes, but it is disappointing to see the stock price over the last 10 years. I know that companies, I mean management -- I mean the stock performance is not in the management hands.

But see, we are doing many investments, we are doing capex into the gigafactories and partnerships with many new tech firms. And if we sees our revenue growth from 2015 to '16, revenue growth has grown more than 3 to 4x and our bottom line also growing in the similar lines. But the investors are not rewarded in the same line, even if you take our competitors, right?

So in every aspect, we are better than our competitors, but our competitors are valued more than us. So I request the management, I mean I don't know how to -- I mean you have to provide some confidence to the investor community. That's my concern?

Y. Delli Babu: Yes, point taken. I think even our effort is to communicate and then engage with all the stakeholders with respect to what's happening in the business, how we are moving ahead with respect to the strategic direction that we have set up. Our communication has been now made streamlined, and then we are engaging with all the investors as and when required, and we are communicating in terms of how the company is doing.

But only one submission is whenever you look at any competitor's share price, please also have a look at their balance sheet because there are other assets sitting in their balance sheet, which give a substantial value why those shares are being valued at that level. I understand your point from a PE point of view.

But as you said, there is only so much that we, as a company, can do in terms of providing that comfort and confidence to the shareholders and the investor community at large. And we are happy that some of the shareholders like you are with us for a longer duration. We thank you for that. But I'm afraid we are trying our level best to do to create that confidence in the market. Then we'll see how it pans out from here.

Ravinder: Thank you, sir and all the best.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, I take this as the last question and would now like to hand the conference over to the management for closing comments.

Y. Delli Babu: Thank you, all of you for your time.

Vikramadithya G: Thank you, everyone.

Harshavardhana G: Yes. Thanks, everyone for your questions and the opportunity to interact. I hope we've been able to answer all the questions to the fullest and looking forward to the next time. Thank you.

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