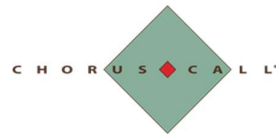




**“Amara Raja Energy & Mobility Limited
Q2 FY '25 Earnings Conference Call”
November 06, 2024**



**MANAGEMENT: MR. Y. DELLI BABU – CHIEF FINANCIAL OFFICER –
AMARA RAJA ENERGY & MOBILITY LIMITED**

MODERATOR: MR. MUKESH SARAF – AVENDUS SPARK

Moderator: Ladies and gentlemen, good day and welcome to Amara Raja Energy & Mobility Limited Q2 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-down phone. Please note that this conference call is being recorded.

I now hand the conference over to Mr. Mukesh Saraf from Avendus Spark. Thank you, and over to you, sir.

Mukesh Saraf: Thank you, Siddhant. Good evening, Mukesh from Avendus Spark. Appreciate everybody logging in. I'm pleased to be hosting Mr. Delli Babu, CFO of Amara Raja Energy & Mobility Limited for the 2Q FY '25 Post Results Conference Call. We'll start with brief opening remarks from Mr. Babu and then follow it up with Q&A. Over to you, sir.

Y. Delli Babu: Yes. Good afternoon, everyone. Thanks for joining the call. This quarter we have concluded with INR3,250 crores revenue on a consolidated basis with about 10% year-on-year growth. About INR3,100 crores of that revenue is coming from the lead acid battery business. Lead acid battery business, if you look at it on a stand-alone basis, has grown about 12% on a year-on-year basis. The growth is coming predominantly from volume growth across all product segments, except for the LVRLA product that is supplied to the telecom applications.

The 4-wheeler volume this quarter has seen a very good growth in both the aftermarket as well as export markets. Aftermarket growth in 4-wheeler was around 15% and the export growth was around 20% during this quarter. While the OEM growth was subdued, there was a reduction of about 3% over the previous year.

In the 2-wheeler side, we have grown about 17% in the volume terms. This has in the same band, both in the OEM and aftermarket segments. Even in the inverter business and the home UPS, the overall volumes have grown about 10% over the previous year. Of course, much of these batteries are being traded, which is why the overall trading revenue mix compared to the previous year has also increased by almost 3%, which is roughly about INR100 crores to INR120 crores over and above the previous year trading revenue.

We are also seeing some good traction on the lubes product that we have launched during the end of last year. This quarter, the overall revenue from the lubes has crossed about INR30 crores for this quarter, and we are seeing some reasonable traction around that. As far as the new energy business is concerned, the EV batteries and the ESS batteries have not shown substantial growth over the previous year.

There were some delays in the overall offtake on the 3-wheeler side and also on the ESS side owing to certain OEM requirement scheduling changes and also some requirements considering the stock levels of some of the ESS players. And even the charger revenues have reduced compared to the previous year because of some product specification changes that we are doing

and there is slowdown in the offtake from the OEMs. These are basically quarter-specific trends. I don't think they can be extrapolated to the complete year. I'm sure there will be a rebound that we can see in the coming quarters.

As far as expenses are concerned, the other expenses include a fuel purchase cost adjustment levy that has been levied by the AP government for the financial year '23. And while we were carrying certain provisions, there was an impact of about INR15 crores of expenses during the current quarter owing to this levy. I think this levy will continue for FY '24 as well as FY '25, for which while we are carrying some provisions in the books of accounts, we may have to increase those provisions in the coming quarters, considering the recent levy. That may result in about another INR10 crores to INR15 crores of additional expenses for the coming 2 quarters.

On the margin side, you would have seen on a stand-alone basis, the overall margin dilution was about 0.5%, predominantly coming because of a higher trading revenue coming up. And also, I'm sure that trading revenue, as I explained earlier, will reverse once we start the manufacturing of our own tubular batteries sometime towards the end of this financial year. And also, another challenge we have seen in this quarter is lead base at the beginning of the quarter was a little higher while we have taken some price increases, we have also seen some alloys prices also hardening during the quarter.

These have also caused some bit of pressure on the margins. The price increase that we have taken during the quarter was about I mean, just before the Q2 was about 1.5% in the aftermarket segment. Obviously, the OEMs and others will take some time lag before we adjust these prices.

And now obviously, the lead base has again kind of softened, while the currency is increasing to beyond 84 levels. So that was a reason for that 0.5% dilution in the margin. But when it comes to consolidated business financials, the overall margin dilution is even higher at about 1%. That's coming more because of additional expenses that we are incurring around our new energy business, coupled with some level of turnover reduction in the new energy business, both have caused the dilution in the overall consolidated margin.

So while the expenses on the new energy business will continue, the lead acid business on a stand-alone basis should be able to recover some portion of this margin dilution in the coming quarters. As far as other inputs are concerned, the recycling plant that we have set up in Tamil Nadu is going to commence its refining commercial operations during this month end, and we are going to start the battery breaking operations during the Q4 of this financial year itself. And the tubular battery plant is now almost on the verge of completion. We are expecting the commercial production to commence sometime in the month of Feb or March.

The insurance claim related to this has been collected. I think so far, we have received close to, as of September 30, we have received close to INR200 crores with respect to the claim. And also, during the current quarter, we will receive another INR150 crores towards the insurance claim. So there are some more claims that are pending, which we will be collecting as and when the project gets implemented.

I think that's a brief summary on where we are. Now I'll open it up for any questions and clarifications.

- Moderator:** Thank you very much, sir. Our first question is from the line of Kapil Singh from Nomura. Please go ahead.
- Kapil Singh:** I just wanted to know what is our export mix currently and also the aftermarket mix in the 4-wheeler batteries?
- Y. Delli Babu:** See, from a volume point of view, they still remain around 25% of our overall volume, the export numbers. And the aftermarket will be around 45% to 50%. Rest will go towards the OEMs.
- Kapil Singh:** Okay. So there is no change because you've not seen growth in aftermarket, right? So probably that would have...
- Y. Delli Babu:** Yes. We are seeing I mean, as I mentioned, this quarter, we have also seen the aftermarket growth around 15% higher than what we have seen in the earlier quarters. So that way, the overall mix is still not changing significantly between aftermarket, OEM and exports.
- Kapil Singh:** Understood. And sir, how much margin benefit can we have once we move away from trading revenues to our own facilities? And also, what would be the margin benefit from the recycling plant?
- Y. Delli Babu:** Yes. See, as far as recycling bit is concerned, as we discussed in the earlier calls also, there could be a possibility of at least if we can improve the recoveries of the lead by about 2% to 3%, which should help reduce the material cost at least by about 1.5% to 2% reduction is possible only to the extent of the quantity that we are going to get from the recycling plant, not on an overall basis.
- Secondly, on the tubular batteries, right now, this year, we have traded almost close to 1 million batteries on trading, I mean, if I were to take FY '24 as a basis. And we will be able to convert most of it into our own manufacturing. So when I do manufacturing, naturally, at least on that volume, we should be able to see at least another 4% to 5% of margin accretion because trading will only result in 10% to 11% kind of a margin. And tubular manufacturing should give us a bit more than that.
- Kapil Singh:** Sir, may I know what is the revenue for these 1 million batteries?
- Y. Delli Babu:** You can say approximately about INR800 crores.
- Kapil Singh:** Okay. And sir, last question was on other business revenues. For last few quarters, it has been soft. So, if you could give a bit more colour here as to what exactly is happening here with respect to, is it a customer-specific problem or is it industry-specific issue? Also, we are first going to come up with NMC line for the lithium-ion cells. And I see that there is a move towards more towards LFP's chemistry across segments. So just if you could help us understand, is there a utilization risk that we should face or there is going to be enough demand for NMC chemistry as well?
- Y. Delli Babu:** See, as far as the revenue oscillation in the new energy side is concerned, I mean, there are 2 or 3 major reasons. One obviously is the OEM offtake depending on some of the changes that they have seen in the fame subsidy, et cetera. There was some oscillation in the OEM offtake. And

secondly, there are some product advancements that are being required, which we are doing it now, particularly on the charger side, where it took a bit of time for us to complete that upgrade and we have now completely localized it. Earlier, it used to be an import from China. So the localization also has kind of created a bit of a delay in the overall charger revenue.

On the ESS side, there are, again, because depending on the inventory levels of the telecom players, some quarters, it will take a reduction that used to happen even in the lead acid scenario. So those are some of the reasons why there is a softening of revenue that's happening on the new energy side. But of course, the focus is we know that the pack revenue will go through these changes depending on the OEM business model, whether they want to do it on their own or outsource. It is not that they have settled down to one model. There is still ups and downs going on over there.

As far as 2170 cells are concerned, at this moment also, we see that there are applications both in the 2-wheeler and 3-wheeler side. Still 2170 is definitely a preferred side where the AH capacity is improving beyond 5. So, we believe that's why even in the beginning, even as early as '21, we said NMC will only be a small part of the overall requirement, which is why in our overall plan also, we never said anything more than 2-gigawatt hour for NMC. At the same time, there is an LFP alternative as well in the cylindrical side, that is also a product that can be manufactured. So we will not have a significant underutilization of the capacity because the capacity itself is very, very low at about 2-gigawatt hour what we are planning now. Obviously, we'll not add capacity unless we see a robust demand signal for that product going forward.

Moderator: Our next question is from the line of Aditya Jhawar from Investec.

The line for the participant seems to be disconnected. We'll move on to the next question, which is from the line of Raghunandhan N. L. from Nuvama Research.

Raghunandhan N. L. Sir, firstly, on the volume growth for the industrial space, how was the volume performance? And within that telecom, given the high base of last year, how much was the decline?

Y. Delli Babu: Yes. Sorry it's good that you reminded me. See, the overall industrial volumes have come down by about 10% compared to the previous year, Raghu. That has come on the back of a 30% reduction in the telecom volumes.

Raghunandhan N. L. Understood, sir. And in terms of the lithium business, how much has been the total investment so far? And what is the target by end of FY '25?

Y. Delli Babu: So far, we have done about INR850 crores of investment into that subsidiary company. Of that, they have utilized close to about INR700 crores. And we will be investing another INR400 crores to INR500 crores during the second half of this financial year, and they may use that money. Maybe they'll be using most of it. So about another INR500 crores to INR600 crores, they may spend towards the second half of this financial year.

Raghunandhan N. L. So the cumulative investment, I thought was close to INR1,200 crores.

Y. Delli Babu: See, from an investment point of view, you are right, I will be investing into the subsidiary close to, since they have already spent INR750 crores. They will be spending another INR500 crores

to INR600 crores during this year. So the overall cumulative investment by the end of this financial year from cash flow spend point of view should be around INR1,200 crores.

- Raghunandhan N. L.** Got it, sir. And for FY '26, what could be the approximate plan?
- Y. Delli Babu:** FY '26 should be another minimum INR1,000 crores depending on when we pay for the equipment, it should be a minimum of INR1,000 crores. And I may come back to you with the revised number sometime in Q4.
- Raghunandhan N. L.** Got it, sir. And so far on the cell side, we've had tie-ups with Piaggio and Ather. Just trying to understand, I'm sure you'll be in discussion with several marquee names. Can we expect more tie-ups in the near term?
- Y. Delli Babu:** I have no further comment to offer than to say that we are discussing with people. So I can only say that as and when they are at a stage that needs to be disclosed, we can do that. At this point of time, I don't think I can give a kind of a number or any date at this point of time. I think these are all at various stages.
- Raghunandhan N. L.** Fair point, sir. Just one last question. For the lead acid battery, there are some government targets on the recycled battery or lead procurement. I think it's around 50-odd percent for the current year. Can you indicate what are the targets in the next 2, 3 years? And relating to those procurement, do you expect any cost to be incurred by Amara?
- Y. Delli Babu:** No. Point No.1, last year, it was 50%. This year, it is actually 70%. Next year, it's going to be 90%. That is the target of batteries that needs to be collected back from the market. We are already there. I think we have actually crossed the 70% mark. So, there is no additional cost that you need to incur because scrap battery prices will always align while India is definitely a costlier scrap market compared to other international markets.
- The overall scrap price will always remain within if you buy directly lead from an LME source, landed cost vis-a-vis the BWMR or BH, whichever way you call it, the new rules scrap procurement, the cost is not going to be significantly different. So there is no extra cost that we need to incur. Maybe there will be some bit of reverse logistic cost that we need to incur, but it is not going to be, at the material cost level, it will not be significantly higher.
- Moderator:** Our next question is from the line of Aditya Jhawar from Investec.
- Aditya Jhawar:** A couple of questions, sir. On the lead acid business, how much that pass-through is still there in the pipeline? And when do you expect to have the complete pass-through? That is number one. Number second, from a margin perspective, how should we think about margin in the next couple of years, considering various variable there in the business with regard to RM prices, change in product mix and increase in recycling. Could you please throw some light on these 2 questions?
- Y. Delli Babu:** See, I think Q3 will have maybe a month of paying, but of course, now currency has gone beyond 84. So that problem will kick in. So in that sense, Q3 will still have a bit of an overhang as far as the lead and alloys pricing is concerned. I'm sure now lead is close to around \$2,000 that will definitely provide some relief. So, part of Q3 is definitely going to have that kind of an overhang.

And secondly, for the future margin potential is concerned, assuming if the lead is around, let's say, INR2 lakhs.

And then on a stand-alone basis margins, if I were to look at it, we always said we will be able to hit 14%, 16% if the lead base is around INR1.50 lakhs to INR1.80 lakhs. That's always the stand that we have said. Now I think we are inching closer to 14% mark even at INR2 lakhs lead level, thanks to good growth in the export markets and also some bit of process initiatives that were taken up internally. But I think the objective is if we can consistently deliver 14% or maybe 14.5% kind of a margin around INR2 lakh levels, that could be a possibility considering various other initiatives that we are doing. Anything beyond that, at this point of time, I don't think I'm in a position to give any indication about.

Aditya Jhawar:

Okay. Okay, sir. That's helpful. Second question is on the capex on the lead acid business front. What we recall is that in the previous call, you had mentioned about a number of INR350 crores for FY '25. And it seems that we have incurred the entire capex in first half of this year. So is there any change in plan of the entire capex for FY '25 and incremental capex, where are we deploying this number?

Y. Delli Babu:

See, on a stand-alone basis, when you look at it, we have spent the capitalization or the cash flow number is about INR385 crores is the number that you are seeing. So in the second half, I don't think there is going to be a significant number of cash flow around it. So maybe another INR100 crores, INR150-odd crores, there is no basic change in the plan, except that some of the new line purchases have got a little bit advanced because we are increasing our 4-wheeler capacity in the ABD 3 plant. That's where there is line advancement that has happened. That's the reason there is an increase in the overall capex. But otherwise, it will still be remaining around that INR500 crores number.

Moderator:

Our next question is from the line of Jinesh Gandhi from Ambit Capital.

Jinesh Gandhi:

A couple of clarifications. First, we indicated that margin would be in 14% to 14.5% range at INR2 lakh of lead. This is after factoring in for benefits of the tubular plant starting and in turn reduction in traded goods and also the recycling plant starting?

Y. Delli Babu:

Yes.

Jinesh Gandhi:

Got it. And you mentioned that the cost of recycled lead is not materially different than the virgin lead. Is that the right understanding?

Y. Delli Babu:

Correct. In some quarters, for example, in a tubular season or any other seasonal activity around the lead acid business, we generally see the scrap prices going up because of the usage by the unorganized segment to whatever volume that they are taking. But otherwise, on a full year basis, if you look at it, procurement through either of the sources is not going to change the material cost significantly.

Jinesh Gandhi:

Okay. So in that context, our expectation of savings of 150 to 200 basis points on recycled material, that is coming due to what factors?

- Y. Delli Babu:** See, the efficiency that we get on our own recycling is definitely an added advantage, but I'm talking about in the current context of where I'm buying the entire recycled lead getting processed through a third party. So even if I do, I should only save a bit more, while, yes, my depreciation cost will be a little higher considering the way that we have built the plant in a very, very robust manner because the way the recycling has to happen is definitely having a social angle to it. So definitely, we spent a little bit higher capex than what we thought about, but that should give us some bit of a recovery in terms of higher lead recovery from the batteries.
- Jinesh Gandhi:** Got it. So efficiency gains and the savings on recycled margins from the third party is there, we will save that. Got it. And lastly, on the cell manufacturing side. So the first phase of 2 gigawatt, is that on track to start operations by end of this financial year?
- Y. Delli Babu:** No, not this financial year. We said calendar year '26 end is what we said. And that, I think, is on track.
- Jinesh Gandhi:** Even the NMC one will start by end '26?
- Y. Delli Babu:** Correct. Correct.
- Moderator:** Our next question is from the line of Rishi Vora from Kotak Securities.
- Rishi Vora:** A couple of questions from my end. First is on the replacement market, automotive replacement, we are seeing a double-digit growth. So ideally, what is driving such a high growth in this segment? Because traditionally, I think this segment generally grows at a mid- to high single-digit volume CAGR. So why we are seeing such a strong growth? Are we seeing some market share gains? Or is there any other factors?
- Y. Delli Babu:** I would like to wait for at least another quarter or 2 before I really come to a conclusion. See, there could be some stocking-related issues or there could be a spike in some markets. For me to say that this is a general trend for the market, I think it is too very early because even in the last quarter, I think we have grown around 10% only. So, this quarter was definitely a higher number of growth. See, one is we have launched this third brand. We have to see what impact it is going to create over a period of time.
- So unless I see this data trend for at least another 2 to 3 quarters, it's not right for me to give a reason for this jump at this point of time. I would really wait for some more time to see whether this is a kind of a strong trend or momentum that will maintain. Because as we look at it in the second half, when we relooked at the numbers, while we think we may grow a bit faster, we are still not getting a full signal as to say that this kind of a number will continue. So, but it may be more than what we have definitely earlier said. But whether 15% kind of a number will continue or not, I want to just wait for some time before we conclude on any commentary on that.
- Rishi Vora:** Understood. But sir, as per your assessment in the past, how would the replacement market would have grown for the industry, maybe not for Amara Raja, but for the industry? Like what would have been the ballpark growth rates in the past for the automotive segment?
- Y. Delli Babu:** Around 8% to 9% or 7% to 8%, depending on which quarter you are talking about in a few quarters. For example, in Q3, generally, we have seen in the winter season a bit of a higher

demand. But on a full year average basis, around 8% is a reasonable number. And we were growing at least a couple of 1% to 1.5% higher than what the market was growing. That's the trend, but this quarter was definitely different.

Rishi Vora: And sir, second question, is it fair to assume that the industrial segment, which has not done well during this quarter, partly because of telecom. On a blended basis, industrial would be a lower margin segment for us versus the aftermarket or versus the company average levels?

Y. Delli Babu: We have, see, I can't comment on subsegment margins. Industrial business is the first business that we started. And those plants are at a different level. So I don't want to comment on specific margins on the revenues.

Rishi Vora: Understood, sir. And just lastly, on the lithium battery venture, obviously, we will be investing INR1,200 crores this year, next year. So how are we thinking about funding this? It would be all through the internal cash flow generation? Or are we also planning to raise funds via debt and equity?

Y. Delli Babu: As I mentioned earlier, right now, we will invest the initial money of about close to INR2,000 crores using ARE&Ms internal accruals or maybe some leverage on ARE&M. After that, we will see how to fund that venture further. Right now, the idea is to fund it with the internal accruals and also with some bit of leverage on the holding company balance sheet.

Rishi Vora: Okay. So next raising, you might also do through that entity as well or you will continue to leverage.

Y. Delli Babu: Yes. So I can even look at leverage of that subsidiary also at some point of time. The capital raise is something that we still want to maybe wait for some time because I'm sure you guys will ask many other questions if I come and ask for capital. So you want to answer them. Of course, we have answered most of them. I think some more couple of issues we will answer and then maybe we'll come for a capital, yes.

Rishi Vora: And just sir, last question on our partnership with Gotion. How is the progress over there in terms of tech transfer? If you could give us any updates, that would be helpful.

Y. Delli Babu: I don't think I have any specific update to share actually.

Rishi Vora: Maybe in a couple of quarters' time, I think.

Y. Delli Babu: Yes. Sure.

Moderator: Next is a follow-up question from the line of Kapil Singh from Nomura.

Kapil Singh: Sir, last time you had mentioned that the import parity price for lithium cells was USD 65 to USD 70. Has there been any change to that?

Y. Delli Babu: Yes. I think if I look at the latest month's data, I have seen around \$60 as prices. There are outliers which are sub \$60 also, but I don't want to take those outliers. If you look at it, around it would definitely come down by at least \$5 to \$6, and then it should be definitely sub-\$65 and are close to around \$60 per kilowatt hour.

- Kapil Singh:** Okay. And this is for which chemistry, sir?
- Y. Delli Babu:** LFP. LFP, mostly. See, at kilowatt hour level, you don't see much of a difference between NMC and LFP because the energy density in NMC is higher, so that kind of compensate. So you will not see much of a change at the kilowatt hour price, except for maybe \$2, \$3 between LFP and NMC.
- Kapil Singh:** Yes. And sir, second question was, when you are having a discussion on pricing for lithium-ion cell, what is the basis on which this discussion is taking place? Is it import parity? Or is there some reason for which you will be able to get some premium?
- Y. Delli Babu:** See, cell supply...yes, sorry, sorry?
- Kapil Singh:** And how is the forecast made in those like 2 years out, what will be the pricing that you would get? Is there some raw material linked plus, cost plus kind of basis which it is being done? How is it up?
- Y. Delli Babu:** See, any cell capacity that I'm going to sell is definitely going to be 2 years hence. So obviously, any price that I quote has to be linked to some of the price drivers, which I don't manufacture. It could be lithium carbonate, or it could be a cathode material or copper because copper is also a significant element in this. So, like the way we have lead and alloys, pure lead as a basis for price variation in lead acid batteries, at least in lithium, it cannot be a single commodity. At least you should benchmark the pricing for at least 2, 3 important metal prices. So price variation clauses are anyway there.
- Today, the way we look at the prices, obviously, there are discussions with the vendors to see at what price they can provide the raw materials, and there are some estimates around conversion cost. So based on that, we kind of understand what could be the tentative cost of the product and then see how to price it. So if you ask me, have I figured out everything about pricing?
- Not yet. I think I'm sure we are still in the journey of understanding the entire cost cycle before we actually conclude on. This is the price at which in India we can manufacture. So, there are cost numbers that are available based on the feedback what we get from the vendors and the suppliers, but it will definitely go with the price variation clause.
- Kapil Singh:** Okay. And sir, finally, when we look at initial few years, how should we think about the profitability of this business because you are now getting some visibility on pricing. Is it that initial few years, the margins may be very low or negative and then they sort of go up once you reach a certain utilization level? Just directionally, how to think about profitability?
- Y. Delli Babu:** Clearly, it will not make money until we reach at least an 8-gigawatt hour volume. That is very clear because and also reaching the capacity utilization is a critical metric that we need to achieve for us to get the profitability of even 11%, 12% kind of an operating margin, what I have said in my earlier calls. So ramping up and then ensuring that the capacity utilization is happening at a reasonable level with lower process scraps.
- If those two metrics are achieved, I'm sure 11% to 12% is possible at about an 8-gigawatt hour level. Anything less than that, difficult to be profitable for 2 reasons. One is your own operational

efficiency. The other is your ability to bargain for the material cost, material prices from elsewhere. So of course, there will be some support that we can take from our relationships, but that will not completely do away with the entire capacity advantage that one would get at a given scale. So that's how the numbers are looking like at this point of time.

Kapil Singh:

Sure. And sir, when you say profitable, does it mean EBITDA? Or does it mean PBT?

Y. Delli Babu:

Yes, only at EBITDA. I don't think, I mean, because capex cost also has its variability. So at the EBITDA level is where I'm seeing 11% to 12% kind of a number. But at the PBT level, we have to see. I mean, obviously, how we fund it and what kind of capex and depreciation cycles that will come in. That's a matter that we have to deal with in the coming days.

Moderator:

Our next question is from the line of Vibhav Zutshi from JPMorgan.

Vibhav Zutshi:

Just on your Industrial segment, excluding telecom, could you tell us how much was the revenue growth or degrowth?

Y. Delli Babu:

Around 7% to 8% all other, we are seeing some traction of exports also on the industrial batteries this quarter. Leaving telecom, rest of the other segments have grown about 7% to 8%.

Vibhav Zutshi:

Okay. Okay. Got it. And would you expect the second half to be even better because I'm assuming government and private capex is going to pick up and like industrial UPS and solar typically benefits from that?

Y. Delli Babu:

It may not be significantly different, Vibhav, I think it could be the same.

Vibhav Zutshi:

Okay, in that ballpark only?

Y. Delli Babu:

Yes.

Moderator:

Our next question is from the line of Mukesh Saraf from Avendus Spark.

Mukesh Saraf:

So I just wanted to check on the telecom business. While we do understand that there is a shift out of lead acid batteries, but any plans for us, how are we looking to cater to that lithium business in telecom given that relationships, obviously, we have with all these tower companies?

Y. Delli Babu:

We have existing pack supply that we are doing both for Indus as well as BSNL also, and we also supply to other ATC, etcetera, as well. So there are pack supplies that are happening. But unlike lead acid, obviously, the number of players who are there in this space are quite high. So naturally, the volumes will not be as high as lead acid. But I'm sure these are initial days.

Once the product gains traction, I'm sure there is a road map that we have internally that we should again pull back on to our market share percentages as far as telecom is concerned on an overall basis, both lead and I mean, if I put both together, even today, we'll have about 50% market share. So I'm sure how to maintain that even in the complete transition phase is something that is a work in progress.

- Mukesh Saraf:** Right. So anything that we can expect in the near term, sir, in terms of gaining market share in that lithium space I think in the next, say, couple of quarters or so because we are seeing the decline already for us there.
- Y. Delli Babu:** I don't think I'm in a position to give you a timeline or a number, Mukesh, but maybe next time we will meet, I'll try to gather some data around it and speak to you.
- Mukesh Saraf:** Sure, sure. And I think lastly, exports, you did say that the growth is quite good. If you could give some more colour on the geographies. You have mentioned in the past, but any update on the exports business?
- Y. Delli Babu:** Yes. I mean what we have already said about what we have done in the American markets, that definitely has given a fillip. And even the regular markets of APAC, Middle East and African markets are also growing at a reasonable level. We have added a few more countries on the Western side. So Europe is also another market that we are now trying to enter. That should also give us some more volumes. So, we still believe, as we mentioned earlier, we will definitely grow at a CAGR of 15%, at least for next 3 to 4 years on the export side.
- Mukesh Saraf:** Sure, sure. Got that. I think there are no more questions in the queue, sir. Maybe you can just give some closing remarks, and then we can end this call.
- Y. Delli Babu:** Thanks, Mukesh. I don't think I have any further addition to what we have already spoken. Thanks, everyone, for joining the call.
- Mukesh Saraf:** Sure, Siddhant, you can go ahead.
- Moderator:** On behalf of Avendus Spark, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.