

Amara Raja Batteries Limited

35th Annual General Meeting

August 7, 2020

10:30 A.M.IST to 11:35 A.M. IST

Corporate Participants:

Dr. Ramachandra N Galla

Chairman

Mr. Jayadev Galla

Vice Chairman & Managing Director

Mrs. Ramadevi Galla

Director

Mr. N Sri Vishnu Raju

Independent Director

Mr. T.R. Narayanaswamy

Independent Director

Mrs. Bhairavi Tushar Jani

Independent Director

Mr. S. Vijayanand

Chief Executive Officer

Mr. Y Delli Babu

Chief Financial Officer

Mr. M R Rajaram

Company Secretary

Other senior management team, statutory auditors, secretarial auditors and

Shareholders

Dr. Ramachandra N Galla:

Ladies and gentlemen, good morning to all of you. I hope you and your family members are safe and in good health. I have great pleasure in welcoming you all for 35th Annual General Body Meeting. In view of the continuing COVID-19 pandemic and also consequent restrictions, as well as requirements, like social distancing, this meeting is being held through the video conference in accordance with the circulars issued by Ministry of Corporate Affairs and SEBI.

Now, I would like to introduce the directors and key management personnel: Jayadev Galla - Vice Chairman and Managing Director.

Jayadev Galla:

Good Morning, Dear Shareholders. I am Jayadev Galla, Vice Chairman and Managing Director joining the 35th Annual General Meeting through video conference from our corporate office, Hyderabad. I welcome you all to the First Virtual Annual General Meeting of your Company.

Dr. Ramachandra N Galla:

Ramadevi Gourineni - Director.

Ramadevi Gourineni:

Hello, everyone. This is my first meeting and joining all of you. Very nice to be here. I am joining the call from Tirupati from the head office area. Thank you.

Dr. Ramachandra N Galla:

Mr. N Sri Vishnu Raju, Independent Director.

N Sri Vishnu Raju:

Good morning. I am N Sri Vishnu Raju, Independent Director and Chairman of Audit Committee and Nomination and Remuneration Committee joining the meeting for corporate office, Hyderabad.

Dr. Ramachandra N Galla:

Mr. T.R. Narayanaswamy, Independent Director.

T.R. Narayanaswamy:

I am T.R. Narayanaswamy, Independent Director joining the meeting through VC from my office in Nandanam, Chennai.

Dr. Ramachandra N Galla:

Mrs. Bhairavi Tushar Jani, Independent Director.

Bhairavi Jani:

Good morning, everyone. I am Bhairavi Jani, Independent Director on the board of Amara Raja Batteries Limited. I am joining this meeting through video conference from Almora in Uttarakhand. Thank you.

Dr. Ramachandra N Galla:

Mr. S. Vijayanand, CEO of our company.

S. Vijayanand:

Good Morning. I am S. Vijayanand, Chief Executive Officer joining from our corporate office in Hyderabad.

Dr. Ramachandra N Galla:

Mr. Y Delli Babu, CFO of our company.

Y Delli Babu:

A very good morning. I am Delli Babu, CFO, joining from Corporate Office, Hyderabad.

Dr. Ramachandra N Galla:

Mr. Rajaram, Company Secretary.

M R Rajaram:

Good Morning. I am Rajaram, Company Secretary joining from Corporate Office, Hyderabad.

Dr. Ramachandra N Galla:

Thank you, all. I would like to inform you that the entire senior team has joined this meeting from their respective locations.

Also, the partners of Brahmayya & Co., and Deloitte, the joint statutory auditor and Mr. N Sridharan -- Special Secretarial Auditor, have also joined the meeting from the respective locations.

We have the quorum present through the video conference to conduct this meeting. The requisite quorum members being present, I now call the meeting in order and commence the meeting.

Now, I request Mr. Rajaram, Company Secretary to give the general instruction to the members regarding the participation in this meeting.

M R Rajaram:

Thank you, Chairman, sir. Good morning, again. The company has taken all required measures and put its best efforts under the current circumstances to enable the members to participate in this AGM through video conference and other audio-visual means. This is in accordance with and in compliance with the provisions of the Companies Act 2013 and Circulars issued by the Ministry of Corporate Affairs and SEBI.

I would like to inform the members that the register of directors and key managerial personnel and their shareholding, the register contracts in which directors are interested and other documents required for inspection of the members under the Act are electronically available for inspection. Members who intend to inspect may write to investorservices@amararaja.com.

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

I would just like to give in brief the schedule for today's meeting. After I conclude this general instructions, Chairman will deliver a speech followed by speech from our Vice Chairman and Managing Director, Jayadev Galla. Thereafter, the Chairman will conduct the formal proceedings of AGM followed by question-and-answer session. The E-voting facility will be activated during meeting and members who have not cast their votes will have an opportunity to exercise their votes.

Considering the time of all those attending the meeting, members registered as speakers are requested to be brief and restrict their address to members relevant to business contained in the notice of AGM. After the questions are raised by the members, Mr. Jayadev Galla, Vice Chairman and Managing Director and our key managerial personnel will answer the questions at the end of the session. After the questions have been answered the meeting will conclude and E-voting facility would remain active for 15-minutes after the AGM is concluded.

I now request Chairman to address the members. Over to you, Chairman sir.

Dr. Ramachandra N Galla:

Thank you, Rajaram.

Chairman's Speech

Dear Members,

Good morning and warm welcome all of you to the 35th Annual General Body Meeting of our Company. It is always happy for me to engaging with our valued shareholders although this time around it appeared tough but the technology has made us this possible. I am sure you must be delighted to note that our company has repeated yet another year of good performance, led us to congratulate the management team led by our Vice Chairman and Managing Director, Jayadev Galla, for his continued sustained performance and despite many challenges.

Today, we are experiencing a global health crisis, the catastrophe caused by virus which has completely altered our way of life and thought. It is a phase which no one was prepared for it.

I take this opportunity to salute all our frontline fighters who are raging the longest and deadliest war with the invisible enemy. My heart goes out to those families who have lost their lives in this pandemic.

One of the main objectives of our core purpose is the "Transformation." That means continuous change in the technology and products. During our journey, we have transformed all the battery technologies and markets in India. Based on this principle, our scientists, engineers and managers build their capabilities to innovate, develop and manufacture new products. We developed the best products to meet all the energy storage applications, needs for a clean alternative energy storages. Our manufacturing plants are the best in the world and it is state-of-the-art technology. Our facilities are people-friendly and environmentally clean. This helped us to run the plants continuously during this period.

The future for us is very exciting from Indian perspective, I expect India to gain this spotlight as an important player in the global supply chain from Amara Raja standpoint, it signals the opening of the new opportunities.

Before I close, I would like to thank our employees and all levels of their continued commitment and dedication in transforming the boardroom strategies into on-ground realities.

I would also like to place on record my sincere thanks to the customers, the central and state governments, the suppliers and bankers who have contributed to the successful operations of our company.

I would like to take this opportunity to thank all the shareholders for their continued and wholehearted support initiatives.

Last but not the least, I would like to express my gratitude to my colleagues on the board for contributing to the progress of the company and extending their full cooperation in discharging my functions as the chairman of the board. Thank you, ladies and gentlemen.

Now, I request Jayadev Galla, our Vice Chairman and Managing Director to deliver his speech.

Jayadev Galla, Vice Chairman and Managing Director

Thank you, Chairman.

Dear Shareholders,

Good morning and a warm welcome to you all to the 35th Annual General Meeting of your company. Who would have imagined of a time when the AGM would happen in the invisible world where you would attend this meeting from the comfort of your drawing room? But that has happened today. I take this opportunity to welcome you to our new today.

Today, the expansive world as we knew it, has suddenly narrowed to our individual homes, interaction and communication has shifted from the physical to the digital. Our aspiration for improving our lifestyle

has transformed into a fight to stay alive. All it took for this mighty change was a micro organism, the novel coronavirus that has all of a sudden hit the pause button on normal life as we knew it. When will we be able to unshackle ourselves from this pandemic is anyone's guess. We look up to the pharmaceutical world to redeem us of this challenge and remain hopeful of a solution soon.

Let me take you through some of the "High Points of the year under review."

Fiscal 2019-20 was an exciting year as we made progress on every front. Business profitability jumped even as revenue growth was marginal. This was owing to the relentless spirit of pursuing new opportunities of growth even as some of the large market segments that we serve experienced demand slowdown and the disciplined efforts of the entire team in optimizing our business operations.

In 2019-2020, we added important OE customers in the automotive space. These additions should show our business volumes over the coming years. Also, we made considerable headway in growing our wallet share with our existing OE customers. As a proactive organization, we made investments in creating additional capacity for four wheeler, two wheeler and two wheeler batteries. This will help in seamlessly catering to the emerging demand.

In 2019-20, we won the Best Innovation Award at the prestigious CII Innovation Award Competition for developing in partnership with Sovema of Italy, the world's first Multi-Grid Panel Stamping and Pasting technology for two wheeler automotive battery anywhere in the world. In 2019-20, we also established prowess in managing large projects. Even as we completed the world's largest lead acid storage system in Africa we bagged the contract for supplying lithium ion packs for India's largest single side lithium ion installation by a leading telecom player.

In 2019-20, your company also became part of the prestigious NFS project for the supply of VRLA batteries in building a robust communication network, covering 342 sites for the defense segment. This has been one of the largest projects in developing exclusive communication network for the defense sector.

In 2019-20, we made considerable progress on our digital transformation journey. The IDEA project that began in 2018 to upgrade the ERP landscape to the latest SAP S4 Hana digital core, is live at Amara Raja Batteries. The team also implemented SAP Fiori, a role-based user experience to give its users a smooth intuitive experience with S4 Hana and enhance the speedy adoption. This will make business operations increasingly agile and accurate.

Also, in 2019-20, we made considerable headway in establishing ourselves as a serious storage battery player in key international markets. We launched commercial operations of our first overseas warehousing facility in Sharjah in the UAE through a subsidiary. This investment has significantly strengthened our presence across Africa, Middle East and the Asia Pacific regions.

I must take this opportunity to congratulate the entire team for handling the COVID-19 shock with absolute preparedness. We had to work from home, mock anticipating a lockdown prior to the lockdown, where we were technically in every other respect testing ourselves for that work from home. Our apex level team ensured that the business continuity continued in the most immaculate manner.

We secured approval to restart limited operations within one week of lockdown to support the government stipulated essential services. Telecom services and data centers being essential during this

lockdown, without batteries, there would be many breakdowns both in data centers and in the telecom network. And therefore, batteries were essential to keep the essential services running even during the lockdown.

I just want to stress that in the most strictest of the lock down period, we were still running our large VRLA lines almost at 80%-plus capacity during those days to ensure that the telecom networks around the country were kept up and running, not only our manufacturing facilities, but what is especially heartening is that in our little way, we helped India remain digitally active during this entire period. We installed batteries at 1,430 telecom sites and towers and 42 core sites.

We maintained our telecom OME and energy services operations at 3,000 plus sites with an uptime of more than 99.9% and undertook breakdown measures at more than 1,300 sites all during this COVID crisis to keep our telecom services and our digital infrastructure of the country running without interruption. This for me is considerable progress for a brighter and better tomorrow.

Now the bigger question is, "When will our tomorrow get better?" Even as India is cautiously unshackling itself from the lockdowns and the mental fear of this traumatic pandemic, Amara Raja is alive and kicking, alive to possibilities, alive to opportunities, alive to pushing the bar higher, alive to continuing our progress marching forward. And our spirited team, I am certain will take your company into a new orbit despite the current or other unforeseen challenges.

I take this opportunity to place on record my sincere appreciation for the tireless effort, spirit of dedication and priceless contribution of the entire Amara Raja team during the year under review. I would like to thank all of my colleagues on the board for providing necessary guidance in drawing out the long-term strategy for your company and assisting the leadership team to stay on course.

On behalf of the board, I express my appreciation for your invaluable support and the confidence reposed in us. Your abiding trust and encouragement, dear shareholders will go a long way in taking your company to greater heights. Thank you very much and Jai Hind.

Over to you, Chairman sir.

Dr. Ramachandra N Galla:

Thank you, Jay. Ladies and gentlemen, the notice covering the meeting along with the annual report for the year 2019-20 has already been circulated to all the members. With your permission, I shall take them as read. All the resolutions as mentioned in the notice that 35th AGM are now tabled before the meeting.

I request Mr. Rajaram, Company Secretary to provide a brief summary of the auditors' report and details on the remote E-voting provided to the members, e-voting during the AGM and to conduct the questions and answers session.

Mr. Rajaram.

M R Rajaram:

Thank you, Chairman sir. The auditors' have given an unmodified opinion on the financial statements for the financial year ended March 31, 2020 which does not have any qualifications or observations, and hence the auditor's report is not required to be read out before this meeting.

Your company had provided remote E-voting facility to the members to exercise their vote in respect of business proposed in the AGM through National Securities Depositories Limited (NSDL). The remote E-voting commenced on August 4, 2020 at 9 a.m. and ended on August 6, 2020 at 5 p.m.

All resolutions proposed in this AGM shall be decided through E-voting only. There will be no proposing or seconding of the resolutions or voting by show of hands.

Members as on cutoff date, that is July 31, 2020, who have not exercised their vote through remote E-voting and participating in this AGM through VC are entitled to vote during this meeting through E-voting facility provided by NSDL.

The icon for E-voting is available on the screen which will redirect you on a separate window to the E-voting portal of NSDL.

The E-voting facility is activated now and eligible members are requested to cast their vote while watching the proceedings of the meeting. The E-voting facility will continue to be active for 15-minutes after the AGM is concluded.

Mr. V. Suresh, Practicing Company Secretary was appointed as the Scrutinizer for the remote E-voting and E-voting done today during the AGM. He would consolidate the results of the remote E-voting and the E-voting done today at the meeting and then submit this report to the Chairman or any other person authorized by Chairman.

The results along with scrutinizer's report will be submitted to the stock exchanges on or before August 9, 2020 and the same will be available on the website of the company and on E-voting platform of NSDL.

Now, we commence the question-answer session. I would now hand over this mic to the moderator to call the name of the shareholders registered as speakers one-by-one. Over to you, moderator.

Moderator:

Thank you, sir. We will now begin the question-and-answer session. We have the first question from the line of Mr. Santosh Kumar Saraf. Please go ahead.

Santosh Kumar Saraf:

Respected Chairman and members and my shareholder brothers and sisters, my name is Santosh Kumar Saraf I am calling from Calcutta and my Namaskar to all my brothers and sisters are present on the call today. I am sitting here in Calcutta and talking to you otherwise I would not get chance to meet you so I don't want to say more just that our company is performing well, I will thank management that in this COVID situation which was a very difficult times you have given Rs. 11 dividend and what you have said that you will maintain the dividend policy. Second thing is I would request that you have

sent the annual report it is in two-fold PDF if it is in two-fold pdf then there is a problem to open it please send one page PDF then it would be better. Other than that I would like to say that your director and secretary they have not written their DIN or registration number as required under the rules under the Companies Act, 2013 wherever they have reported or did the signature it is compulsory to write otherwise it would consider as an offense and we have to pay the penalty. In page no. 41, the team size is mentioned is 10,690 and it was mentioned in page no. 156 that permanent employees are 7,640 so which one is the correct? We have a very few female employees it is only 4% please increase that as it is our duty make women self-dependent. You have to take care of that. Lastly, how much have you given to Prime Minister Care Fund. What steps company is taking to tackle this COVID. And in this COVID situation does management have any plans to cut their salaries. Please let us know. The difference in the expenditure for conducting physical AGM and through Video Conference. I request the management to continue providing facility to the shareholders to participate through video conference in addition to physical meeting so that the shareholders from other cities can join the meeting and express their view. Thank you

Moderator:

Thank you. We have the next question from the line of Mr. Ram Mohan Nagoji. Please go ahead.

Ram Mohan:

Respected Chairman, Vice Chairman, Directors and shareholders, very good morning. My name is Ram Mohan and DP ID is IN30302868506149. My question is in COVID situation and resultant disruptions, how the company view the electric vehicle market and what are the plans of the company to get into EV batteries. Thank you for giving me opportunity.

Moderator:

Thank you. Mr. Sekar J, please go ahead.

Sekar J:

Chairman, Vice Chairman, Directors, I thank you. What are the steps taken by the company to ensure health and safety of employees and the way of handling the business? My ID is 303028 64274996. Thank you very much.

Jayadev Galla:

Thank you, shareholders for posing your questions. Before answering the queries raised by you just now, let me first answer some questions that we have received from shareholders through the e-mail from Mrs. Srilakshmi Mane and Mr. Abhishek.

The first question is "Why final dividend is not recommended?"

Your board adopted a dividend policy to distribute up to 30% of the profit after tax. For 2019-20, your board declared two interim dividends totaling to Rs.11 per share, resulting in a dividend payout of about

29% of the PAT, which is in line with the dividend policy. Therefore, the dividend policy has been followed and we have maintained our track record of paying out 30% of PAT.

Second question, "The impact of COVID and the company's response regarding cost reduction?"

COVID and the subsequent nationwide lockdown have caused substantial disturbance to our operations in the Q1 of FY'21. The warehouse operations, material movement were affected during the lockdown and later improved with lockdown restrictions being lifted. Frequent lockdown in red zones have also hampered the movement of employees to our factories which in turn affected the capacity utilization.

Our plant capacity utilization was impacted during the month of April and May. From the month of June, we were able to increase the plant utilization to 85% to 90% by adhering to social distancing norms and protocols by ensuring safety of our employees.

The third question is "Employees other cost reduction initiatives, salary cuts taken by management due to COVID."

We are proud to say that no single employee was terminated on account of the COVID-19 pandemic. Moreover, we are adding manpower wherever necessary in tandem with the capacity expansion. However, considering the continuing COVID-19 situation and overall uncertainty we have introduced an innovative component in the salaries of 15% of our top employees called the "Business Performance Linked Payment", where the salaries of the employees and the staff and management grades including me, are withheld in the range of 10% at the lowest level and 50% at the highest level of our CTC and this amount shall be paid back to the employees depending on the performance of the company during the financial year 2020-21. This will impact, as I said, about 15% of the employees and the rest are not affected. So the entire workman of the group which is more than 80% of our employees is not affected by this and anyone earning below a certain threshold level that we have set in order to maintain a minimum lifestyle level at that stage, we have only cut salaries above that level which comes to about 15% of our total workforce.

With regard to the cost reduction initiatives, I would like to inform that our priority currently is about maintaining the health and safety of our employees and our business partners. Due to COVID, there is an increase in the administrative, staff welfare expenditure. This is mainly on account of several protocols which were put into place such as reduction of the occupancy ratio in buses, regular sanitization of the workplaces, strict adherence to other preventive and detective procedures to ensure the health and safety of all employees and compliance with the orders of local and central governments. We have also taken insurance policies to take care of any employee in case he becomes a victim of this pandemic. We have extended this facility to employees of our channel partners as well. We estimate an increase in staff welfare cost to be around Rs.12 crores to Rs.15 crores depending on how long the pandemic will continue.

Some of the costs like travel expenses are reduced and the company is taking all possible steps to reduce other fixed and discretionary expenses, such as rents, promotion, maintenance costs, etc., and also control any new capital expenditure through higher return thresholds.

While we are also working on several automation initiatives to improve the productivity of the employees would require us to invest in IT and further invest in IT and digital infrastructure, further,

there is additional investments in IT infrastructure to strengthen the IT security to enable employees to work from home which is the present norm. We will be disseminating the real impact on COVID-19 to the stock exchanges at the appropriate time.

However, we assure you that your board is taking all measures and steps to sustain the growth and optimize the profit margins during these present hard times.

Coming to the fourth question, "What is the credential and new existing directors are bringing to the table to take company to the next phase of growth or to guide the new generation?" Is the appointment being done after checking all the new amendments under Clause 49?"

The board composition of your company encompasses the right mix and skill and competencies, namely directors have experience and expertise in general management, business strategy, corporate strategy, governance practices, and the appointment of directors is in compliance with the Companies Act and SEBI regulations. The current board is the right blend of all of these skills and has been very supportive of the company and have been challenging the company regularly and the management regularly to improve our performance across the board and not only financial performance, but even to fulfill our social objectives. They have been a very supportive board and I would like to place my appreciation for the role that they have been playing.

The next question is "What is the basis for the proposed remuneration of joint statutory auditors and the cost auditors?"

The size of the company, the scope of the audit, the compliance of dynamic regulations, and the expertise and experience are the basis or criteria to determine the remuneration of the joint statutory auditors. The number of products covered the scope of audit and expertise and experience of cost auditors are the basis or criteria to determine the remuneration of cost auditors. The proposed remuneration to join statutory auditors and cost auditors are in line with the market demand and industry norms and there is no increase in their remuneration when compared to last year.

The next question, "Please give the production capacity utilization figures in per cent for the month of April, May and June 2020, what was the capacity utilization of last year and last five years on the moving average?" These are three parts to this question Second part, "Where you see the light at the end of the tunnel? What will be the growth triggers in first half and second half? And the third part, "What are the new innovations and the new product launches doing after April 1st and what is the response so far?" To answer this three part question, I would like to call on our Chief Executive Officer, Mr. S Vijayanand to please answer this.

S. Vijayanand:

Thank you, Jay. The COVID pandemic has impacted the whole world and we are no exception. The government announced the lockdown around third week of March and we have complied with the government regulations and during the course of the lockdown period, we have taken all precautions that are required to protect the safety and health of our employees, as well as the assets and equipment that we operate in our facilities.

But Jay has already highlighted that there were certain essential services that our products provide for keeping the digital networks going on, the communication networks going on in this country, and also health safety-related aspects. So, it is not only about manufacturing operations, but we had to make sure we provide the required support to our customers on the institutional side.

The telecom customers who have a huge network of mobile tower infrastructure, the main switching centers, the data centers have many key businesses, we have responsibility to make sure the products that we have supplied to them are properly maintained, emergency services are delivered. There were about 450 service engineers who are 24x7 available during this period. And from the manufacturing side, we were producing all the critical product lines that are required by our customers even during the height of lockdown period.

As far as the manufacturing capacity utilization is concerned, the month of April was almost zero, we have shut down all our facilities except the telecom products and other critical product lines that we were making at that point of time. Starting from second week of May, when the lockdown conditions were relaxed for industrial operations by the government, we started ramping up our production and I am happy to report that by the month of June, we were up towards 90% of our plant capacity utilization.

There are certain product lines where we have even touched 100% capacity utilization in the month of June. But we are all aware that the increase of COVID-19 positive cases in the society is ramping up and it is definitely impacting the communities that we operate our manufacturing facilities as well as our sales and service operations.

So, in the last six weeks post June, we probably were running our plants around 80%, 85% capacity utilization and we are ensuring that all the critical requirements of our key customers is supported both in the OE manufacturing for vehicles as well as UPS systems, in the aftermarket channel requirements, export customers, we are ensuring that the critical product supply lines are kept working and supporting the customer requirements.

As an organization, we have been always very prudent in terms of our capacity utilization. We were expanding our capacities appropriately just in time to make sure that our growth is supported by the increasing in capacities. So there was a question about what has been historical capacity utilization. We were always operating our plants in the range of 85% to 95%-plus and take necessary steps to expand it further. And as we speak now, the next phase of capacity expansion projects is being worked upon and we will make sure that those capacities kick in as and when necessary to address the market requirements.

The second question was about when do we see the light at the end of the tunnel?

I think that is a million dollar question now. I wish we knew the exact answer for that, but we definitely keep track of what is happening globally, what is happening across India and what is happening specifically closer to the places that we operate our manufacturing facilities. I think the biggest hope is when the vaccine will kick in and that will probably answer many of these anxieties. But as somebody said, instead of predicting and forecasting, I think the biggest task we have is 'Be Prepared.' I think we focus on being prepared to handle all the uncertainties that are faced by us. We believe that probably in the next two to three months, some amount of stability in the COVID pandemic infection will be possible.

And as far as our operations are concerned, I assure you all the shareholders on this business that we have a fairly good control on our supply chain and our manufacturing operations and our distribution channels.

The last question that was posed in the section is about what are the new products and innovations being done. We have learned to work from home where it is possible; our managers and designers and other staff are fully equipped to work from home as much as possible. And during this process, we are working on implementing the new technology and the stamp grid for manufacturing facility, it is in very advanced stage of commissioning now.

We have also introduced recently E-Rickshaw Tubular Product to cater to the markets where E-Rickshaw is popular and we will ramp up that supply into the market as we go along. And we have been developing lithium batteries for both EV application, energy storage application.

Jay referred in his speech about one of the largest lithium battery installations that we delivered to our key telecom customer. And we have recently gained some OE accounts and the aggregator accounts for EV two wheeler and three Wheeler vehicles. So we are pretty much on course. While there has been a little set back initially when the lockdown was announced, all our backup operations and technology development, project implementation, supply chain support are pretty much back on course right now in the work from home mode.

There is another question about "What are the growth triggers?"

I would like to emphasize that the vehicle manufacturing is going to take time before it gets to pre-COVID levels both on the two wheeler and four wheeler side. The commercial vehicles segment is more impacted than anything else at this point of time. The two wheeler OE segment is likely to ramp up faster than other OE vehicle manufacturing segments. I think it will be another two to three quarters before we can see some kind of normalcy in terms of demand on the vehicles reappearing in the market. But the good news is the aftermarket demand is keeping pace. About six weeks of sales was kind of frozen in April and May. But that is not a loss to demand, I would say that is a deferred demand, which means we see that a lot of that replacement demand is reappearing in the market and we are able to keep pace with some of the demand that is definitely much stronger route out there. And these are the growth triggers that will help us. We also reach out to markets outside India. And that is helping us compensate for some of the OE volume loss. And this has been reported in the last many quarters, that growth momentum continues to help us. And I think towards H2, we might see actually some positive growth, not just recovery, but positive growth helping us some of the aftermarket segments.

That is the overall summary of where we are right now on the operations side. Back to you, Jay.

Jayadev Galla:

Thank you, Vijay. Now for the next four questions, we will be going to our Chief Financial Officer, Mr. Y Delli Babu. I will take one question at a time, Delli, you can answer. The first question is "What are the management efforts to improve working capital-to-sales ratio, ROCE, net debt-to-EBITDA multiple, OPM, debtor days and interest coverage ratio?"

Y Delli Babu:

The written ratios if you look at compared to the last year have improved by about 3.5% both the ROCE as well as return on assets has improved compared to last year. This is owing to the better capacity utilization what we have seen and the addition of capacities what we have done over the last four years is also helping improve these ratios and the company remains debt-free. So, the interest rate coverage ratios or the debt-equity ratios will always be comfortable. The second question is about the working capital management. Today, we are definitely on the most finest working capital management; our debtor days hover around 30-days and the inventory we carry to ensure that there is no disruption of supplies is about 50-days. So, we are working on optimizing it further to see what are the gaps in the supply chain. But efforts are on to further improve the overall working capital that we use in the business.

Jayadev Galla:

Thank you. The next question to Delli is "What are the management efforts to improve company image through investor relation exercises like concall, quarterly presentations and meeting global investors, how will the management ensure this?"

Y Delli Babu:

We do organize quarterly investor calls twice in a year and then we also participate in some of the investor conferences that are conducted and then we do conduct some plant visits for the investors who are interested to see our facilities. So, there has been a continuous engagement with all the investor community and then the affairs of the company are periodically updated and it is available on our website also in terms of updating the presentations that are being made to the investors and also the quarterly updates and we will continue to have this kind of healthy relationship going with all the investor community going forward.

Jayadev Galla:

Then the third question, "Please give details of deals or parties in other current and non-current contingent liabilities. Please let me know the details of our contingent liabilities and if the CS can arrange a video call with your legal head to learn the perspective in detail?"

Y Delli Babu:

The contingent liabilities if you look at it from the last year to current year, there is a reduction because some of the liabilities which we were having as contingent got finalized in the various sports particularly relating to the area of electricity. We have taken the required provisions in the books of accounts, that is why the contingent liabilities have been reduced. And as far as the other details of current and non-current liabilities are concerned, these are regular business transactions with vendors and other counterparties. So the details of which are available in the annual report. Any further details required, you can write to our investor services, we will be able to provide the same.

Jayadev Galla:

Then the final question on finance. "What are the management efforts to reduce other expenses and legal professional charges?"

Y Delli Babu:

During the year 2019-20 you might have seen the professional charges, there is an increase because there are certain strategy consultancy projects that we have undertaken. So, we had to spend money to explore the new business opportunities that are available for the company to drive the further growth and then going forward, these are spent in order to ensure the future growth opportunities are identified. So as mentioned earlier by Jay, there is always a constant effort to see that the expenditure is always under control and even the capital expenditure is taken through a very stricter written threshold so that we spend money prudently.

Jayadev Galla:

That is the end of the questions that came from the e-mail. Now coming back to the live questions that were asked at the beginning of this session from Mr. Santosh Kumar Saraf, Mr. Ram Mohan and Mr. Sekar J. Two of the questions I think we have already answered; one is on dividend policy, and the other is on steps to be taken to tackle COVID. I do not think we need to repeat that again. Coming to new questions, one page pdf format needed for the annual report. Rajaram, would you like to answer that one?

M R Rajaram:

This is a good suggestion. We will do that in future.

Jayadev Galla:

Thank you for that suggestion. Second, there was a question on contribution made to the PM Relief Fund. For the COVID crisis we did not donate to the PM Relief Fund but we did donate to both the CM Relief Fund for the state of Andhra Pradesh and the CM Relief Fund for the State of Telangana; we gave Rs.5 crores to the CM relief fund in A.P. and Rs.1 crore to the CM Relief Fund in Telangana, which reflects we have most of our operations and headcount and assets and everything happened to be in the state of Andhra Pradesh and we also have quite a good presence in Telangana with our corporate office here. And we felt it would be more appropriate to give it more locally rather than at national level.

The next question is, can we have video call meeting also regularly for shareholders? Rajaram?

M R Rajaram:

Ideally, shareholders would like to attend in person and that has been the thing. And if the law mandates, yes, we will abide by that going forward.

Jayadev Galla:

And there has been a question on COVID impact on electric vehicles and steps taken by the company to participate in this. I spoke a little bit about it already, but let me elaborate.

I think the situation today is changing drastically and we are trying to keep track of those changes compared to the pre-COVID period for a number of reasons: One is, there are many different geopolitical, I would say, requirements now coming out of this crisis.

Earlier, if we looked at the lithium ion and electric vehicles space, our interest was largely from the lithium ion battery as a component to the EVs but we have done a fairly extensive strategy exercise even before the COVID crisis started on how we can expand our presence in the EV mobility space. And at that time, some of the conclusions we came to are changing quite a bit, as I said, because of the COVID impact.

The world's focus on China, every country is looking how to derisk their dependence on China as a country. Earlier, our biggest competition in the globe, the global leader for I would say EVs and lithium ion battery technology has been China. So whether it is an OEM or whether it is anybody else, taking that dependency away from China would be very difficult in the current context, but this is also throwing open some opportunities. If that type of a trend to derisk from China gains traction, then we could see India becoming an option for many people and therefore we are relooking at investments in lithium ion space from that lens right now.

Also, currently we have the NITI Aayog with their FAME policy, the Faster Adoption for Mobility and Electric Vehicles is also trying to rejig and take advantage of these changing circumstances. So, we already have a pilot plant for lithium ion batteries, we are already packaging lithium ion cells for various applications, both automotive as well as industrial applications, we have been gaining quite a bit of experience in application of this technology and we have only been waiting for the opportune time to make that decision to get into cell manufacturing. That seems to be approaching quickly now and we are carefully evaluating and fine tuning our plans to see when is the right time to actually enter.

We have never been this tentative to make an investment till now. And the reason why we never been this tentative is for we do not want to put your company in a situation of unreasonable risk. Till now, if we look at the Indian market for EVs, the demand has been small, inconsistent and not really growing. If we have to look at electric vehicles markets outside of India, then we need to be globally competitive against China, Korea and Taiwan and for that we need to have a very large capacity in place to become that competitive.

So, to become a globally competitive scale manufacturer of lithium ion batteries, we would have to invest up to a billion dollars to establish that type of a capacity to be competitive. And if we do not have consistent demand on how we are going to fill that capacity, we could see that type of investment quickly becoming NPA like we have seen in many other industries where investments have been made ahead of time without proper demand, without proper costing being evaluated before making those investments.

So, it is not typical for us to be taken so much time to be making an investment like this that we have been studying now probably for close to a decade, but I assure the shareholders that we will make this

investment at the right and opportune time without taking too much of risk for the company. Thank you. Vijay, did you want to add anything to that?

S. Vijayanand:

Yes. I think this is an opportunity that will evolve into significant challenge for the industry, challenge in a positive sense. There is a lot of activity going on within NITI Aayog and also in many other industry forums right now. Over the next six months, we will see a more definitive direction getting established. Jay, I also want to take this opportunity to specify, there was a reference earlier about COVID response and how it impacted the business.

But I think this is the right platform for me to share with our shareholders and other stakeholders who are on this call, response of the entire organization and the other stakeholders in the entire system, starting from suppliers to our own employees, to the management team and to our customers, our channel partners has been a very, very learning experience for all of us because it is very gratifying to see how people have stepped up.

This is something that none of us were trained for the COVID situation And we were learning, we were evolving our responses on the run and I think a couple of earlier initiatives on the digital platform that we made, whether the WE@AR initiative that we took on establishing the IT technology, or a technology-driven HR processes, helped us stay connected with each and every of our employees. In fact pre-COVID the digital connect with the employees was only up to a certain level. But during the early phase of COVID, we took addition to see that that digital connect is given down to the workmen to the trainees as well. So today, close to 15,000 of our employees are connected on the digital communication platforms. So we know where they are, we know what their whereabouts are, their wellbeing, their family wellbeing. I think that is really gratifying to see how people have stepped up. When I say 85% capacity utilization of the plant, I would like to acknowledge that this is because of people and their response that we are able to run it at that level. I think it is all round support that came in from and I hugely thank every individual involved in making these things happen. Thank you.

Moderator:

Mr. Bharat Raj K, please go ahead.

Bharat Raj K:

Good morning, Mr. Chairman and Mr. Managing Director and the entire Board of Directors, thank you very much. I am very happy to see you all sir in this pandemic. We are all safe and fine, especially my chairman is in good health and by god's grace he will be more healthy. I am thankful to the management for the wonderful results for profit and the dividend part. I wish that this dividend will be continued for the future years also. My question is on Blaze joint venture sir. Can you give some flavor about that? I am Bharat, calling from Hyderabad. Last year AGM I met personally. Entire board of directors, all the best. Thank you, Mr. Rajaram for arranging the wonderful conference and the entire team, I thank the company secretarial department.

Moderator:

Thank you Sir.

M R Rajaram:

Moderator, Can you call the other shareholder name for record?

Moderator:

The other shareholder is Mr. Abhishek J. He confirmed that his questions were already answered.

M R Rajaram:

Thank you

Jayadev Galla:

Thank you for your question. Amara Raja Blaze Technologies is a joint venture between the Amara Raja Group and Blaze Technologies which is a Hyderabad-based company involved in design and development of intellectual property for IoT and IoT devices. It has no connection to Amara Raja Batteries Limited i.e your Company and the joint venture is between the Amara Raja group holding company and Blaze, and it is meant to be getting into manufacturing of IoT products right from design, conception to manufacturing it at a particular cost. So, we are bringing in our plastics capabilities, our electronics capabilities, along with Blaze's design and development capabilities to be able to offer a one-stop solution to global customers who would have need to have IoT products in their product range. The founder of Blaze Technologies happens to be one of our earlier directors, Mr. Nagarjun Valluripalli who stepped down from the Board, I think one year ago and now we are having the joint venture with his company. Thank you.

With this, we conclude the question-answer session.

Over to chairman for the closing remarks.

Dr. Ramachandra N Galla:

I thank once again all the members for taking their time to join this meeting through video conference. I also thank the members and the entire team in ensuring the conduct of this AGM seamlessly. I thank all my colleagues on the board.

I once again request the eligible members to cast their vote through E-voting which will remain open for 15-minutes after the conclusion of this meeting.

Now, I authorize Mr. Rajaram, the Company Secretary to receive the Scrutinizer report and declare the results.

I now declare the meeting is 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.
