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| The Secretary The Calcutta Stock Exchange Limited 7 Lyons Range Kolkata - 700 001 CSE Scrip Code: 15060 & 10015060 | The Secretary BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 BSE Scrip Code: 500086 |
| The Secretary National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot no. C/1, G Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 NSE Symbol: EXIDEIND | - |

Sub: Transcript of the Earnings Call of Q4 FY 2024-25

Dear Sir/Madam,

This is further to our letter dated 1st May 2025 wherein the Company had intimated that it will host an Earnings call on 6th May 2025 for the Q4 FY 2024-25 business update.

Pursuant to the Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, please find enclosed the transcript of the said earnings call, for your information and records.

The transcript of the earnings call is also available on the Company's website at <https://www.exideindustries.com/investors/earnings-call.aspx>.

We request you to kindly take the same on record.

Thanking you.

Yours faithfully,
For Exide Industries Limited

Jitendra Kumar
Company Secretary and
President– Legal & Corporate Affairs
ACS No. 11159

Encl: as above



“Exide Industries Limited
Earnings Update Conference Call”

May 06, 2025



MANAGEMENT: **MR. AVIK ROY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – EXIDE INDUSTRIES LIMITED**
MR. MANOJ KUMAR AGARWAL – DIRECTOR FINANCE AND CHIEF FINANCIAL OFFICER – EXIDE INDUSTRIES LIMITED
MR. JITENDRA KUMAR – PRESIDENT AND COMPANY SECRETARY – EXIDE INDUSTRIES LIMITED

MODERATOR: **MR. ADITYA JHAWAR – INVESTEC CAPITAL SERVICES INDIA PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Earnings Update Conference Call for Exide Industries Limited hosted by Investec Capital Services 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. Aditya Jhawar from Investec Capital Services (India) Private Limited. Thank you, and over to you, sir.

Aditya Jhawar: Thank you. Good afternoon to you all. From Exide Industries, we have with us our MD and CEO, Mr. Avik Roy; Director Finance and CFO, Mr. Manoj Kumar Agarwal; President and Company Secretary, Mr. Jitendra Kumar. Before we proceed, here is a disclaimer for the call. A few statements by company's management in the call will be forward-looking in nature and we request you to refer to the disclaimer and earnings presentation for further details. We will start the call with a brief opening remarks from the management followed by Q&A session.

I would now like to hand over the call to Mr. Avik Roy for opening remarks. Thank you and over to you, sir.

Avik Roy: Thank you, Aditya. Good afternoon, ladies and gentlemen, and a warm welcome to you all for the Exide Earnings Call. At the outset, let me take this opportunity to welcome on Board, Mr. Manoj Agarwal as the new Director Finance and CFO of Exide. He takes over from Mr. A.K. Mukherjee, who after a long stint of 18 years has retired from the position of Director Finance and CFO. Manoj had been with us for the last 2 years. He joined this company as a Deputy CFO and through a routine succession planning, now he is on Board as the Director - Finance. So I welcome Manoj on Board.

I will take you through the key highlights of our performance for the last quarter and the fiscal year '25. During the fourth quarter, nearly 75% of the business of our business has registered double-digit growth, even on a high base. Within this, mobility aftermarket, solar and IUPS businesses continue to contribute to strong growth. The remaining 25% of the business witnessed a decline in revenues, impacted by a weaker demand scenario in businesses like auto OEMs, telecom and home inverters.

This led to an overall modest 4% sales growth during the quarter, though on a high base. However, if you notice that on a quarter-on-quarter, sequential basis, we have grown 8% in quarter 4. Also in quarter 4, I'm happy to inform you that we exported the first batch of our advanced AGM batteries for SLI applications.

Operating profitability was impacted due to high input costs in the quarter on account of a considerable increase in the cost of antimony, which is one of our major alloying elements in lead-acid battery chemistry. And on top of that, we had some write-off of certain slow and non-moving operating assets.

Prices of antimony have massively surged in the last 6 months, thereby impacting profitability margins, both on year-on-year and quarter-on-quarter basis. However, EBITDA in absolute terms has increased by 4% on a sequential basis. Even cash flow from operations at a pre-working capital increase level has sustained at the last year's level.

Before I move to the annual performance, let me talk briefly about the economy and the industry dynamics. While the GDP growth of India subsided from 8.2% in FY '24 to an estimated growth of 6.4% in FY '25. The manufacturing growth has further slipped from 8% in '24 to an estimated growth of 3.4% this year. This signals the slowdown in manufacturing activity. Domestic auto replacement demand was robust throughout the year, while the OEM demand from automotive were muted, especially in passenger vehicle segment.

In Reserve power, both industrial UPS and solar trade markets witnessed steady growth in demand, but home inverter market remains soft with its demand expected to pick up in Q1 of FY '26.. Government spending and capital outlay have decelerated in key sectors like railways, power and infrastructure over the last couple of quarters. Automotive batteries continue to perform well in exports, but demand for industrial batteries, which has been a major stay for us in European markets have been impacted by the ongoing slowdown and recession, and this is pre-tariff era. This is last fiscal year I'm referring to.

With this context, the annual performance mirrored that of the fourth quarter with around 70% of our business performing strongly, while the rest experienced some demand headwinds. EBITDA margins were marginally impacted due to higher raw material prices, as I mentioned and lower-than-expected growth in a few business verticals.

However, I would like to highlight that despite the tough macro environment, our performance has shown signs of resilience. Our balance sheet still remains very strong with zero debt and high cash flow generation. As we enter FY '26, the outlook for the lead-acid business remains positive across most business verticals. I believe that Exide with its advanced product portfolio and pan-India distribution network and a strong brand recall will continue to benefit from the growth opportunities.

During the year, we have strengthened our business and go-to-market strategy by transforming from an SBU-led organization to a functional organization. We have also strengthened our senior leadership team by bringing in seasoned business leaders from global corporations. Apart from this, on operational front we have undertaken multiple initiatives on cost excellence and upgrade of manufacturing technology. For example, we moved a substantial part of our 2-wheeler MC battery manufacturing to punched grid technology in Q4. All such initiatives have started delivering results and we will continue going into the next year.

Moving on to the lithium-ion cell manufacturing project have invested nearly INR1,000 crores in FY '25 and additional INR300 crores equity has already gone in the month of April' 25 to EESL, our 100% subsidiary. With this, the total equity investment by Exide to date is INR3,602 crores.

Construction works are progressing well and project is expected to start commercial production in the current year. We have a range of commitments secured, ranging from MOUs to pack in production, to co-investments in line with leading e2-wheeler, e3-wheeler and e4-wheeler OEMs.

And with this, I close my opening remarks. We will now be happy to take your questions. Over to you, Aditya.

Moderator: Thank you, sir. We will now begin with the question and answer session. The first question comes from the line of Pramod Amthe from InCred Equities. Please go ahead.

Pramod Amthe: Thanks for taking the questions. So, the first question is, you had called out in home inverter, there has been a weakness. Do you think this is more short term or any structural changes you feel are challenges there?

Avik Roy: Thank you, Pramod. Let me give you the context. One is internal and the other one is external market driven. Erstwhile, our home inverter business was sitting under our SBU automotive. So, it was mainly a part of the automotive SBU, though it's a non-automotive business. So it was a major portion. So our only go-to-market was with the automotive network. Now we have separated our reserve power and mobility business, under the new organization system.

So now reserve power home inverter is going to build its own network. And that work has started from Q2 once the organization changed. And they have been getting success because we are now expanding independently in their own network and not relying solely on the automotive network like in the past. So this is a go-to-market shift for which we have readjusted the organization.

And therefore, both the mobility as well as the home inverter, both these business verticals will benefit because now they will ride on their own strength and not rely on each other's network. So that was a very conscious decision which we took on the market side. On the demand side, yes, we had some early onset of monsoons, so the peak season we missed out.

However, if I look at my last 2 months performance, I see that it is coming back, which gives us a hope that Q1, which is a peak season right now is going to be a strong season for inverters. So this year, inverter growth is a key element of our growth agenda.

And I can tell you some of the new actions we have taken in the last quarter or so. Now we are entering new white spaces, which we had never had to do in the past. For example, we are entering the white goods space with our complete inverter systems as well inverter batteries. We are launching RP Home. If some of you have noticed, we have launched this RP Home series targeting the home UPS systems through this new channel.

So these are the few go-to-market initiatives with which we are confident that we'll get back to the position where we are in the growth path. By the way, we are still the leading manufacturer in inverter batteries in India despite the decline.

Pramod Amthe: Sure. Thanks for that detailed answer. Sir, second one is with regard to EV cell manufacturing. Considering that you might be approaching the OEMs or other parties for the same, what is the type of cell formats you are getting a better traction with and how are you planning capacity distribution for these cell formats as you build capacity? That's one. And second, any development on Hyundai MOU, which you have signed?

Avik Roy: So let me take the first one. When we started this project, we tried to mitigate the risk through multiple chemistry and multiple format methods. So we have two lines of cylindrical and two lines of prismatic, which means two lines of NMC and two lines of LFP as well. So we see traction on both sides from different end markets. We have been in advanced discussion with two of the leading OEMs for 2-wheelers on the cylindrical side. And similarly, on the 3-wheeler side, we are talking to some people on the LFP side at a very advanced stage.

Also, prismatic is helping us to address the stationary market. So I think we are in a reasonably safe position because the entire project is going on parallelly. Maybe the production will start 1 month in advance of the other or 2 months in advance of the other. But still, the investment has been made in all the four lines together. So that's why we are not too worried about finally where the volume of tech will shift, because we'll be able to cater to all use cases.

And the last question was on Hyundai. I think whatever you see in the public domain, whatever we have announced regarding the binding agreement that still stands. As I said, it's in active stage where we are putting up all the resources to get ready. The product development has started and will soon come out with additional information in public domain.

Pramod Amthe: Thanks and all the best.

Moderator: Thank you. The next question comes from the line of Vaibhav Zutshi from JPMorgan Chase. Please go ahead.

Vaibhav Zutshi: Yes. Thanks for taking my questions and best wishes to Mr. Manoj for the new role. My first question is on the lithium-ion business. Could you just elaborate the range of commitment that you mentioned with respect to the customers and if there are any delays on the plant side, because initially we had anticipated completion by the end of FY '25.

And I think the project cost for the first phase is almost INR5,000 crores, but the investment right now is around INR3,600 crores. So yes, I mean just sense on the range of commitments and when do you expect the SOP would be great?

Avik Roy: So there are three questions, Vaibhav. One is on the commitments with the client. The other one is the timeline and third one is a detail on investment. So let me start with the timelines first. As I said, if you recall in the last analyst call, we already said that we will be ready with commercial production within this year which means FY '26. Earlier, of course, we planned for FY '25 or we announced FY '25.

But then there were serious problems on visa issues and things like that, geopolitical issues, which we overcame very quickly. We are lucky to have overcome that. And now we have

more than 130 to 150 Chinese engineers in the shop floor commissioning all the equipment, including people from our technology partner. So that's why we said we will start the trial production within this calendar year. And then we will need some time for homologation with the OEMs.

You know how the process works because your design validation is done by the OEMs on the prototypes and which has been done already. But now, once you start your serial production, from the production line, they will pick up volumes and put it in their vehicles and run homologation process for about 4 to 5 months. And then the commercial serial production starts. So this is a standard process, which we are following for lithium also. This we followed for lead-acid in the past also.

And therefore, even if I start the trial production of the commercial line, start of production happens in month 0, in month 4 or 5 the serial production will start, because that much time we will require for homologation. So that is how we have decided on the timelines, more or less. And also all four lines will not be commissioned together, it will be one after the another.

We'll start with the cylindrical NMC line, which is meant for 2-wheelers, for which we are in advanced discussion with many of the clients. So that will be our first priority. And then take it one by one. Then the next one will be one line of electric prismatic, targeting 3- wheelers and 4-wheelers. So this is how we are planning.

Regarding the commitments, as I said, I mean, all I can tell you is that it's in multiple stages. For some, we have already started pack manufacturing. The pack manufacturing is happening through outsourced cells. But the moment we are ready with our own cells, we'll shift to our own cell and manufacture the pack.

With some, we are at MOU stages, where co-development and design validations, and things like that are happening. And with some, we have a binding agreement, as we have already mentioned, which you know it's in public domain. So there are 3 types of engagements we are having with customers right now.

Good to see that at least the largest 2-wheeler OEMs, 3-wheeler OEMs, and some of the 4-wheeler OEMs are engaging with us because they see a value in sourcing local cells. Does that answer your question?

Vibhav Zutshi:

Yes. Just a follow-up. Can you tell us the number of customers like 5, 10, 15 that you're engaging with? And I mean, given that cell prices in China are now -- these LFPs are around \$55 a kilowatt hour. Just a fact to mention that we still see value cell manufacturing in India like how much would these cost?

Avik Roy:

Vaibhav please excuse, I may not be able to tell you the number of customers because the major EV OEMs are so huge it is easy for you to crack the names which will not be fair for them.

So all I can tell you, today, the government is incentivizing cell imports and de-incentivizing pack and module imports. So, which means the government is incentivizing that imports from China and the packs and modules in the country, but that's not going to be the future. Once the domestic manufacturing capacity of cells are in place, the government has to switch the priority on incentivizing local cell manufacturing. Otherwise, this industry will never grow in India.

In the current structure, do you feel that the industry will grow, if you incentivize, you put only 5% import duty on cells and only make the module and pack, then India will miss the capability building in cell manufacturing forever. It's not only us, it's for everybody. But at this moment, since the demand is more than the supply of cells and since we will be the first one to start in a giga scale, I think till that time, this environment will stay where cell import gets incentivized and pack import gets de-incentivized.

But once we have a domestic capacity of cell manufacturing and particularly high-quality giga scale, I'm sure the government will switch the priorities, and that is what I get to hear from various forums. And then the discussion will be a different discussion. Then it will be more of how you can deliver large-scale, large volume sales to the OEMs at market prices. So that's my short answer.

Vaibhav Zutshi:

Very helpful. And just last question, if I may squeeze in. On the lead-acid side, you mentioned that antimony prices have risen sharply. Can you just tell the contribution in the raw material basket, because lead, plastic and sulfur are the major contributors? So I mean, how would the rise in antimony prices impact the margin going forward?

Avik Roy:

Two questions. One is what is the impact of antimony is currently, and what will be the impact in the future. So Vaibhav in Q4, we had a negative impact of about INR50 crores in absolute value due to purely and this is net of the price increases which we have announced to the market.

The problem was this antimony was rising so sharply from \$11,000, it went up to \$60,000 per ton in the same quarter. By the time we announced our price increases, it had further gone up. By the time we announced our second increase, it has further gone up. Therefore, we could not recover everything. So net-net, we had INR50 crores of downside impact on antimony itself in Q4.

Going forward, and we have seen in the initial comments, I have said that there are 2 elements. One is antimony, and the other is also some write-offs of some non-moving operational assets. So if I do the math and if I add this back, we were at a very good EBITDA margin level even in Q4. We were actually close to 13%. So now, how do we mitigate that?

First of all, these one-time write-offs will not come back. Secondly, antimony, we have taken a price increase in mid-February, we took 1.5%. And March 1st, we take another similar amount. And from 1st April, again, we have announced. So we are passing on the increase to the market regularly.

In April, antimony prices have somewhat stabilized. So we'll get a value of this increase. But then it is always lagging because it is continuously increasing. I'm sure you know the reason for this. This is a geopolitical reason, and this has started much before the tariff war. And this is just because China decided to ban exports of antimony because of national security issues. And therefore, the prices started shooting up.

China produces about 40% of global antimony production. And one of the largest applications of antimony is also in the military, which is in bullets. So there are a lot of geopolitical and military considerations that China has decided not to export antimony. We are the collateral, what should I say, we got damaged, the battery industry. However, as of now, we have to only pass on the pricing cost increases to the market.

And some of our customers, even with whom we are indexed on lead, they appreciate that this non-lead increase is also a reality. They also track the international market. And we have been able to convince a lot of them of the price increase, including institutional customers. So that's the answer on antimony current and future.

Vibhav Zutshi:

Okay. Thank you so much.

Moderator:

Thank you. The next question comes from the line of Aditya Jhawar from Investec Capital. Please go ahead.

Aditya Jhawar:

Continuing with this question of antimony, what is the extent of price increase left to pass on the incremental increase?

Avik Roy:

Aditya, thank you. It depends on at what level you are pegging the antimony price. So if I look at the current price levels of the \$60,000, \$62,000 average, I think we are more or less, with the increase from the 1st of April, which we have announced, we are more or less covered. But going forward, we do not know to what extent it will move again. So that is the answer to your question.

Aditya Jhawar:

Sir, the second question is can you quantify the write-off that you have taken in this quarter?

Avik Roy:

Yes, it's about INR25 crores.

Aditya Jhawar:

INR25 crores. Sir, on continuing with the margin question, now we are doing a lot of cost-saving initiatives, and there is a tech upgrade as well as con-caste. If you can help us understand that, how should we think about our margin trajectory in the next couple of years? Because when we benchmark ourselves with Amara Raja our competitor, profitability is much lower. So if you can throw some light on whether on tech upgrade, cost savings, or warranty cost, what are the drivers of margin expansion? And how should we see it will play out in the next 2 years?

Avik Roy:

Yes. Thanks, Aditya. So first of all, as I just now mentioned, even in quarter 4, if you add back these effects, negative effects, which I said, we are already close to 13%. We have done that

math ourselves. And this mainly came because we switched over to punched grid for motorcycle for 2-wheelers in the month of January. And that has given us 3 major benefits.

One is on the material cost. Secondly, with the level of automation this punched grid lines have, we have a lot of impact on the manpower cost on the ground. And third, which I personally feel is the most significant impact, is the improvement and consistency, and quality. So this has started benefiting our internal rejections, our warranties, and we are monitoring.

And this is, I think, the most significant long-term impact. But we invested in only 50% of the capacity last year. So, having seen the benefit coming in once half of the capacity shifted to punched grid, we immediately made a capital investment for the remaining portion, which will come on live around, let's say, November of this year with the machines coming in and commissioning and everything.

So from November onwards, even the balance 50% will also go into punched grid. So, whatever benefit we are getting on 50% of the volumes, we get on 100% of the volumes. And motorcycle is one of our key growth drivers and margin drivers going forward. So this is on the punched grid.

We have similarly invested in continuous casting process, which we have, I think we are the first one in the country. We have done it through collaboration with our partners in USA, East Penn. And this has also given us a huge positive impact on quality as well as benefit on the cost. That machine has also started running from March. And again, this was one line we converted first. And with the success of that, we have also decided to invest on the subsequent lines, another two lines we have decided to invest, which will also come maybe end of this calendar year.

So these are the actions we are taking on the cost margin improvement agenda. Now this takes time. For two years, we have been only like maybe 1.5 years, we have been running pilots on these machines, because we wanted to invest in 1 line, run pilot, polish our hands and then horizontally deploy.

And that is why this was taking time. But the results of the pilot trials have been extremely positive and we are very happy that we'll be able to drive. So this is on one of the examples of our margin agenda -- improvement agenda. There was one more question, which I'm missing out Aditya. Can you repeat?

Aditya Jhawar:

It was the warranty cost, I think you covered it.

Avik Roy:

Yes, warranty I covered. We are trying to address this problem through manufacturing technology because most of the warranty issues which we faced was from manufacturing inconsistencies at large scale, which we are trying to move to automation, like I mentioned just now.

Aditya Jhawar:

My second question is on the lithium-ion business. Now looking at the decline in the prices of LFP, NMC globally, what is your assessment in terms of what could be the profitability and

ROCE of the project now? And also now you are engaging with customers, you are getting a sense that who is looking for cell, who is looking for a battery pack. So if you can give a ballpark range that what could be our EBITDA margin expectation and ROCE maybe at about 50% utilization, what should we expect and at 100%, what should be that number?

Avik Roy:

So Aditya, at this stage, I think it's a bit too early to comment on EBITDA margins. Our focus is to get into customer contracts, run, complete the homologation process and scale up the production. Once we reach about 80% which means in Phase 1 about 4 gigawatt hour 5 gigawatt-hour of utilization. That is the time when we will start getting a view on the returns because it's quite possible that once we reach 80% of utilization, we might observe that no, we need to put up some more capacity immediately to get faster breakeven. You see what I mean?

So at this moment, we have said that we'll not go for more than 6 gigawatt-hour plus the Hyundai contract will kick in. And once these are all in line, let us reach about 80% of utilization ramp up as fast as possible in 1 years, 2 years' time and then we will see on our returns. Simple reason, unlike lead-acid and this is a global standard, you will know for first couple of years typical cell manufacturing plant has huge amount of internal rejections as well as yield losses.

You may have heard from other players in China or any other places. So first 2 years, we have to improve our manufacturing process maturity, which means reduction of our internal scrap and improving on our yield. Once we do that, our manufacturing cost, manufacturing efficiency will reach a level which today we cannot imagine. Today, while calculating our returns, we are factoring all these kinds of wastages, double-digit scrap, high single-digit yield loss.

So this will only see after 1 - 2 years when the manufacturing process matures. And this is not only for us. Every manufacturer has to go through this learning curve. And once that 1 - 2 year cycle is over and we reach maybe 80% utilization level, we'll be in a much better position to recalculate our returns and the time line of that.

Aditya Jhavar:

Sure, sir. That's very helpful. That's it from my side. Thank you.

Moderator:

Thank you. The next question comes from the line of Kapil Singh from Nomura Wealth. Please go ahead.

Kapil Singh:

Good afternoon. Thanks for taking my question. Sir on the growth side if you could give some thoughts, last year was a little bit tepid on growth. We had roughly about 4% growth for the lead-acid business. So if you could just share some thoughts on why the growth was slow and what other initiatives you are taking and what kind of growth do you expect for next year?

Avik Roy:

Yes. So is this question focused on quarter 4 or full year, Kapil?

Kapil Singh:

Full year.

Avik Roy:

So I mentioned like you have heard in the previous call or the previous releases, if I break down our growth, overall growth into our segments. So let me give you a color.

4-wheeler aftermarket contributes to about 25% to 30% of our sales. So that has grown by double digit full year.

Solar. Solar business has grown substantially every quarter to almost 25%, 27% growth. This has been a very strong year for solar. And now they have -- they are planning to build a INR1,000 crores, INR1,200 crores kind of a franchise out of solar business alone for the next year.

2-wheeler aftermarket in the first couple of quarters, we did very badly because we were almost starving the market because of shortage of supply. Why? Because we were moving over from this conventional cast plates to punched grid plates. So there was a lot of transition happening in the factories. Therefore, we were almost starving the trade market because we could not stop supplies to our OEM commitments. So trade market was suffering. So first two quarters for motorcycle batteries, 2-wheeler batteries has been very big.

Overall, we have grown by just touched double digit for motorcycle. But if you look at quarter-on-quarter, I can give you first quarter we were 2%, second quarter we were plus 6%, third quarter we were plus 10% and last quarter, we grew by 18%. So as the supply improved quarter-on-quarter after this punched grid was commissioned, you see the motorcycle growth rate has now gone from 2% in Q1 to 18% in Q4.

So therefore, we have taken a very aggressive plan for next year also on motorcycle growth, now that the lines are operating. And so this is how it is. Our auto exports -- auto exports also jumped because there are many white spaces we hardly have any market share and it also grew by close to 25% to 30% full year. So I would say, if you look at complete mobility, complete mobility full year, they contribute to about, let's say, one-third of our business, 35% of our business has almost grown by 15%, both put together, 4-wheeler and 2-wheeler.

On the infra, we had a drag mainly because of telecom itself. Our loss to telecom was almost minus 25% to 30% because of very high base in the previous year. Because the 5G rollout happened in FY '24 when there was a boom of towers and then that 5G boom went off in December '23. And then from then on, the telecom demand came down, both from the demand side as well as shift to lithium ion solutions. So telecom dragged down the business a big time.

And the other good thing was that the IUPS business, which is basically the VRLA business of IUPS, which goes into industrial UPS for critical power backup, that also grew by double digit. And this also gives us hope because we have a very high-quality product for this market where we have invested in our factory. And we have come out with new products addressing specific use cases like data centers, like hospitals, for critical power applications. And we are very hopeful that those new products which we launched are yielding results.

What drags down, I mean, a major contributor is, as I mentioned, inverter batteries. And for inverter batteries, we have fixed up a complete strategy of building new network architecture

and also coming out with the RP Home series of campaigns, which you are seeing all over. So we want to gain back our entire market pan-India. We are strong in some pockets. We are not so strong in some pockets. So whenever we are weak, we are trying to come back. So this is broadly how it was.

European exports declined because of, as I mentioned, Europe was just between bad to worse in last fiscal year, recession has hit some of our main markets, Germany, U.K. and Italy, where we saw this downturn of our traction battery sales. Hopefully, right now with this new trade economics going on and with the new exchange rate being in our favor, we might see uptick in the next upcoming year.

So all in all, as I said, about 70% of our business grew more than 10% and about 30% of our business grew by, let's say, minus 9%. So that brought down the overall growth to the number which you know. So Kapil, does that give you a full picture?

Kapil Singh:

Yes sir, very detailed answer. Thank you so much. The drag that we are seeing in the telecom business is that in the base or do you see further declines from where we are?

Avik Roy:

What I hear from the customers is that I think it has bottomed out last year. Even if it does not have a growth potential in lead-acid, it should have a growth potential on the lithium side. And lead-acid portion, I think it has bottomed out because there are still some geographies where lithium does not have a business case, Lead-acid has. Because there are areas which they call green sites, for example, which means the power cuts are not so heavy that they need a diesel generator as a backup. So, if they can do away with diesel sets, then lithium is a business case. But then there are some sites where the power cuts are so heavy that, they have to have a diesel backup. And therefore, their lithium comes in. So it's a mixed bag.

I think most of the lithium solutions are going towards the green sites right now. So they have a good business case without the diesel generator. So I would like to believe that the lead-acid volume has bottomed out this fiscal year. However, in our current year's budget, we have not planned for any growth in Telecom

Kapil Singh:

Okay, sure. So, one question I had on the lithium-ion business. What would be in your assessment the right level of duty that should be there on this segment, the lithium-ion cell, the import duty I'm talking about?

Avik Roy:

Kapil, I will not like to be an advisory to the government. I think there are the associations where we are also part of, and we are working together and we'll soon --once the capacities are. I think this is too early to be fair to the government also. Today, suddenly they put a duty on cell, many of these businesses will -- pack business and module businesses will suffer because where will they get the volumes from.

So once people like us, we are up and running with certain scale suppose even if we come out with about 10 gigawatt-hour or -- 12 gigawatt-hour of production capacity annually, then it makes sense to approach the government. But now the cell manufacturing is almost 0 or nearly

0 in megawatt level. So I think we still have a dependence -- the industry has a dependence on the import of cell.

But with the new geopolitics and the new regime that you see around, there has to be a local capability development on cell manufacturing in India, not only for Indian market, but also possibly exports out of India to the Western world. So that is the time when we should actually bring this to the notice of the government. But we are actively discussing this in the associations where we are part of.

Kapil Singh:

Sir, if you have done any assessment of the scenario analysis or breakeven level. What will be the range of utilization at which the business will be breakeven for the lithium-ion cell?

Avik Roy:

So let me give you a little bigger context. Let me start from the demand side, right? So we still predict that about 120 gigawatt-hour to 130 gigawatt-hour will be the market size by 2030, and then we do a kind of a linear graph with 6 gigawatt-hour capacity in Phase 1, we do not see this to be much of a challenge to use our capacity.

The question is when, because this will not be a linear growth. This will be possibly back-ended growth, most probably. And there are certain applications and use cases, which are coming up, which was not originally in people's mind. Advanced cell chemistry production started with particularly with electric vehicles in mind. And now you suddenly see that the stationary storage demand has boomed, which is incremental in nature.

But this demand will be mostly back-end loaded because there are long gestation period of the projects. Quick information for you. I think a couple of months back, Ministry of Power announced, mandated the solar developers that if you have to reach 500 gigawatt-hour by 2030 as government has planned for all grid-connected solar, you should have a minimum 10% storage backup for 2 hour capacity, which means today, we have 500 gigawatt is aspiration. Today, we are at, let's say, 100 or 80 gigawatt. So balance 400 gigawatt, 10% of that for 2 hours, which means 40x2, 80 gigawatt-hour of storage capacity alone is an incremental market. Just compare that with 6 gigawatt-hour capacity that we have put up. So in terms of demand, I don't see an issue if I do this math.

The only thing is that will it be linear? Will it be back ended? Will it be upfront? That's the question. Therefore, we have multiple use cases and multiple chemistry that some will move faster than the other. 2-wheelers move faster we feel, 3-wheelers will move faster we feel, BESS will move fast, we feel. And this is how we see the market going.

Now our readiness. I think once we, as I mentioned to Aditya's question before, once we reach 80% of the utilization, which is around 4 gigawatt, 5 gigawatt, we should see how our manufacturing cost performs and we should see how the lithium price pans up. That time, we should do the real math because operationally, we will be also more efficient. As I mentioned, from initial hassles of battery scrap and yield losses will also come out of that. And also, we will see what the lithium prices look like.

So that is the time when we will be very confident that at what level we'll be breaking even. And if required, we'll decide on further capacity put up at that stage. So right now, I will not like to comment on a breakeven time line or a percentage utilization. Our target is to ramp up slowly over the couple of years to a minimum 80% utilization and a running factory.

Kapil Singh: Thanks, sir. Sir then how are you doing the pricing...

Moderator: Sorry to interrupt, Kapil, I would request you to rejoin the queue if you have any further questions so that management can answer as many participants as possible. Thank you. The next question comes from the line of Mohit Jain from Tara Capital Partners. Please go ahead.

Mohit Jain: My question is I'm assuming right now all the expenses relating to your lithium-ion plants are getting capitalized. So by when do they start, let's say, flowing into the P&L segment and what kind of an impact could it have in the interim period this becomes fully utilized?

Avik Roy: See, right now these are all capital work in progress, the project is ongoing.

Mohit Jain: When do they start sort of getting completed and starting growing in the...

Avik Roy: So as I said, we will take a call because we will be commissioning it stage by stage, not all together because not all will be ready on the same day. And also on priorities, like we said, one line, another line, will do stage by stage. And then we'll capitalize progressively.

Mohit Jain: And you mentioned that in the initially, the losses are higher rejection rates, etc etc. So can you help us understand so that we are clear whenever it hits the P&L, what sort of an impact overall can we expect so that we are not caught on the wrong foot?

Avik Roy: So the global standard I can tell you, because we cannot talk about ourselves as we have not started producing. But if you look at international benchmarks of cell manufacturing, it's normally between 10% to 12% rejections happen in first start-up phase. That is what we have been told.

Mohit Jain: No, my question was in terms of, let's say, impact on our margin because of all of this, what is the kind of impact that we can expect once it starts flowing into the P&L from the lithium-ion side on the overall margin reported by the company?

Avik Roy: Mohit, as I mentioned in the previous question, at this moment we will not like to make a comment on margins and ROCEs of lithium-ion business because this is largely unknown. All I can tell you that we will be the first one to run or start a giga factory of cells in India. I have not heard anybody who has announced that in the next 12 months' time, they will come out with production of cells.

So industry has not grown. We will be the first one. We are saying that within this calendar year, we'll start trial production base on that. But I have not heard anybody saying that in the next 12 months, they'll start production of any manufacturing of cells.

So at this stage, I will really refrain, even if I do have my own calculation, but I would refrain from sharing that with you because industry has not picked up. Right now, all data you have is from Chinese manufacturers. So once the Indian manufacturing starts, then you have a much better view. So as I said, our priorities are on the different line altogether, more on customer engagement, more on manufacturing efficiency, more on development of products, technology partnership with, so on and so forth.

Mohit Jain: Got it. Okay. Thanks a lot for answering my questions.

Moderator: Thank you. The next question comes from the line of Sonal Gupta from HSBC Mutual Funds. Please go ahead.

Sonal Gupta: Yes. Hi, good afternoon and thanks for taking my question. Just on the go-to-market strategy for the home inverters batteries that you mentioned. I just want to understand like you have a very extensive network of auto battery. Now you have separately built a network for the home inverter. So does that mean that there is actually a loss in sales because, I mean, like it will take time to build such a network, right, to replicate something like an auto -- the depth of your auto network on the dealer side. So is there a risk here? I mean, like in trying to build another separate channel?

Avik Roy: So I think, probably I should have clarified a little more, Sonal. I did not mean that we exit from that channel completely. I said there are complementary channels which we never explored in the past, because, this business was under the automotive segment. And therefore, some of the white spaces or some of the channels we left out.

For example, the e-commerce channel, we have never participated. You see my competitors, they have substantial presence in the e-commerce market for both electronic inverter systems and inverter batteries. The white goods channel where they sell consumer durables, we were not present in the past. We were still number one in India without even being present in these segments because we were fully going through the automotive network.

So what I mentioned is that now that the business is segregated, we have options to add these white spaces to our existing network. So whatever I'm telling whatever growth plans we have taken for next year is incremental in nature. And you will see many of our -if you do channel checks, Exide being a number one inverter brand, they did not have any participation in e-commerce or in consumer durable outlets.

So these are the things which I mentioned that these channels require a completely different set of market strategy, sales strategy. It is not same as you would sell in your conventional network of automotive channel. So those things have been all streamlined. And we have a lot of -- that's why how we came out with a new value proposition for RP Home segment as we call it "Zindagi Nonstop" as a tagline.

And we are targeting the home user more than our automobile users. So that is how it is, that is not that we are exiting the existing channel. It's just complementing the other places where we were not there.

Sonal Gupta: Got it. Thanks for the explanation. And I mean, we would be selling under this tubular batteries as well, it's not just flat plate?

Avik Roy: No, no, this is tubular only.

Sonal Gupta: Okay.

Avik Roy: We do not have a strategy on flat plate inverters anymore.

Sonal Gupta: Got it. Because when it was part of the auto, it was large. I think a big chunk was flat.

Avik Roy: Yes. But this was margin dilutive and we had issues with that. So that's why this can continue and shifted completely to tubular.

Sonal Gupta: Got it. And on the lithium-ion side, could you tell us what sort of -- I mean, like in gigawatt-hour, you have 1.5 gigawatt hour of pack capacity. I mean where would you be in terms of your quarterly level of supplies, I mean maybe in Q4 and what level of pack supplies are we doing?

Avik Roy: See, first of all, the plant we have for pack manufacturing, 1.5 gigawatt-hour is not good enough to even evacuate our own cell capacity. Now the business is like this, the 2-wheeler and 3-wheeler will be a pack business. The stationary telecom and the BESS will be pack business. But the 4-wheeler passenger vehicle 4-wheeler will be largely a cell business.

So at least my 6 gigawatt minus the cell business, that capacity should be balanced with my pack manufacturing capacity, which is not there today. So we are also increasing our pack manufacturing capacity parallelly to align it with the cell capacity so that we can serve the pack customers adequately.

What we have been doing now is basically, the thing which is not very sustainable that is importing cells and making packs for our customers. And that is quite risky because this has a volatility of pricing, volatility of quality. There is a huge amount of warranty risk we will be sitting on because it will not be back-to-back warranty from a Chinese supplier. So we are just holding us up before we commit big time to big time customers because there's too much of the risk versus the reward.

Having said that, we are still making packs for some well-known, I would say, 2-wheeler and 3-wheeler manufacturers. I think one for of the top two OEMs we have started doing that. We are supplying packs for telecom applications. We have brought out solutions for the e-rickshaw business, the 3-wheeler electric toto. This is a business where we want to serve through lithium solutions. And these are the additional portfolios we are bringing up on the pack side.

So far in Q4, the uptick is good because we see a lot of interest in the customers. In the past, you will know there was a huge shakeup of the 2-wheeler industry post the FAME-II subsidy withdrawal. So we were sitting on large orders from not so well-known smaller or mid-sized e2-wheeler manufacturers. They have all gone bankrupt mostly, either bankrupt or in many

cases, there is a risk of payment. So we are holding to that because they were largely dependent on FAME-II subsidy.

While on FAME-II subsidy, let me also mention a little unrelated but very relevant. While the FAME-II subsidy has been withdrawn, which was largely on the vehicle, a similar amount has been now declared, as you know, on this PM e-drive, which is mainly focused on investing or subsidizing or incentivizing the public charging infrastructure as well as the fast charging networks. So this includes charging infrastructure for 2-wheelers, 3-wheelers, ambulances, trucks, so on and so forth.

I think this is something which was very much required in advance because this creates the ecosystem for EV 2-wheeler, 3-wheeler, 4-wheeler to really ramp up volumes. This was I think INR11,000 crores - INR12,000 crores. But in this next 2 years, government wants the public charging infrastructure to improve.

If that one happens, I think that's a leading indicator of a very faster adoption of 2-wheeler and 3-wheeler in the country. We'll be very happy to see that happening as quickly as possible. Yes. This is just a supplementary comment on -- because I got reminded when I mentioned to FAME-II subsidies.

Sonal Gupta:

Okay. Great sir. Thanks that answers the questions. Thank you so much.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for the closing comments.

Avik Roy:

Yes. So thank you, ladies and gentlemen. Thank you. It was a very engaging session with all your questions. I hope we have been able to give you some clarity on the business and the way forward. We are personally extremely excited to enter into FY '26 with new management, new network, new portfolio.

We'll be able to ride through and we'll try to deliver on the promises. We still hold to our promises which we made to you in the recent past on our numbers. And thank you all for participating. If you have any further questions or would you like to know more about the company, we would be happy to be at your assistance. Please reach out to us. Thank you, and over to Aditya.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Investec Capital Services India Private Limited, that concludes this conference. You may now disconnect your lines.