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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 Q4 FY24

Dear Sir/Madam,

This is further to our letter ref no. EIL/SEC/2024-25/19 wherein the Company had intimated that it will host an Earnings call on 24th May, 2024 for the Q4 FY24 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
Q4 FY'24 Earnings Conference Call”

May 24, 2024



MANAGEMENT: **MR. AVIK ROY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – EXIDE INDUSTRIES LIMITED**
MR. ASISH KUMAR MUKHERJEE – DIRECTOR, FINANCE AND CHIEF FINANCIAL OFFICER – EXIDE INDUSTRIES LIMITED
MR. ARUN MITTAL – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - SUBSIDIARY EESL – EXIDE ENERGY SOLUTIONS LIMITED
MR. JITENDRA KUMAR – PRESIDENT AND COMPANY SECRETARY – EXIDE INDUSTRIES LIMITED
MS. CHHAVI AGARWAL – HEAD INVESTOR RELATIONS – EXIDE INDUSTRIES LIMITED

MODERATOR: **MR. AAKASH GOPANI – INVESTEC CAPITAL**

Moderator: Ladies and gentlemen, a very good afternoon and welcome to the Q4 FY'24 Earnings Conference Call of Exide Industries 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 * then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aakash Gopani from Investec Capital. Thank you, and over to you, Mr. Gopani.

Aakash Gopani: Thank you, Mitchell. Good afternoon to you all. From Exide Industrials, we have with us, MD and CEO- Mr. Avik Roy; Director Finance and CFO- Mr. Asish Kumar Mukherjee; MD and CEO of Subsidiary EESL- Mr. Arun Mittal; President and Company Secretary- Mr. Jitendra Kumar; and Head Investor Relations- Chhavi Agarwal. Before we proceed, here is the disclaimer for the call. Few statements by the company's management in the call may be forward-looking in nature and we request you to refer to the disclaimer in the earnings presentation for further details. We will start the call with brief opening remarks from the management followed by Q&A session.

I would now like to invite Mr. Avik Roy for his opening remarks. Thank you, and over to you sir.

Avik Roy: Thank you, Aakash. Good afternoon ladies and gentlemen. A warm welcome to all of you who have joined the call. At the outset, I would like to take this opportunity to thank all our investors for their continued support and trust in the company. At Exide, our focus remains on delivering sustainable performance. We have taken multiple initiatives over the years to be future ready, to make this company efficient, agile, innovative and ready for the future. These are exciting times and we are all well prepared to look forward to a promising future.

Let me start by giving a flavour of the quarter that just passed by, the last Q4, and give you some colour of the performance which we had in Q4. This was, we consider it one of the strongest quarters we had in the recent past. We posted sales growth of 13%, double-digit revenue growth, which was broad-based across the verticals that we play in. This was quite satisfying because it was not based on only one vertical, but all the verticals, more or less, they posted same level of performance.

We also reported one of the best operating profitability in the last few quarters, with EBITDA margin expanding by 250 basis points to 12.9%. In the automotive vertical we continue to do well in both OEM and aftermarket segments. Four-wheeler demand made a good comeback in Q4, in both OE as well as aftermarket. Exports also saw an uptick, on the back of demand from Middle East.

For the industrial vertical, the macros remain extremely positive, presenting opportunities across all end-market verticals. Most of our verticals, including institutional UPS, solar, traction and infrastructure have delivered solid double-digit sales growth during the quarter. Industrial exports has also shown resilience, amidst harsh operating environment arising out of the geopolitical concerns.

Let me give you a quick look at the full year's financials. We maintained a healthy sales growth momentum of 10%, driven by a strong volume growth and improved product mix. On the automotive side, the second half saw a strong pickup across all product categories. Aftermarket was impacted in the first half due to lower demand arising out of lower vehicular sales in the COVID period, as replacement demand typically kicks in nearly 3 years after the OEM supplies. So the impact of the first lockdown in OEM sales, impacted the aftermarket in the first two quarters of this year.

We have a strong pan-India network of more than 1,15,000 channel partners and we are also taking a lot of data-driven approach to identify areas that need further strengthening to serve our customers better. We also provide quick and efficient support through our Exide Batmobile doorstep service to our vehicular and inverter battery customers. This service is available in more than 300 cities and the turnaround time is less than 2 hours. This is what we consider as our strength and the differentiator in the market.

On the industrial side, an investment super-cycle coupled with government focus on infra spend, led to an accelerated demand and we were very well positioned to benefit from these opportunities. Like last year, our key verticals such as UPS, solar, telecom, infrastructure, motive power have grown in high double digits, even at the high base. We continue to keep an eye on the future and have launched a series of innovative solutions for tomorrow.

For example, Exide has forayed into this rooftop solar solutions, which we call Exide Sunday Solution. This is to encash the opportunities that have been thrown up by the Prime Minister, Suryoday Yojana, recently. We have come out with special energy storage solutions for data centre applications. We have come out with BESS (battery energy storage solutions) for specific power applications. These are few innovations we have got into, actively. We augmented our manufacturing capacities in areas that we believe are the clear growth hot-spots for the future.

Talking about margins, EBITDA margin has increased by nearly 100 basis points in the full year, growing by 19% in absolute terms. Our sharpened focus on operational efficiency and cost optimization led to lower operating costs. As a result, fixed cost as a percentage of sales have declined in the last 2 years. Even though raw material prices have largely remained range-bound in the last few quarters, we have taken calibrated price hikes, which have supported the margin. Our digitalization initiatives continue to help us in streamlining our operations and be more efficient.

Exide is now a true tech-enabled organization, which I'm very proud of. In the automotive sector, the channel partners connect directly to Exide from placing orders, to channel finance, to on-spot warranty decisions. This is the power of digitalization.

Now talking about our lithium-ion cell manufacturing subsidiary, Exide Energy Solutions Limited. As mentioned in the presentation, the project is progressing very well on all fronts. We have a team of more than 300 professionals tirelessly supporting the execution across key functions: sales, manufacturing, procurement, R&D, IT, finance, quality, safety. Across the organisation we have manned our people. We are working towards onboarding new customers

and securing raw material supplies, both in domestic as well as from international markets. Our recent alliance with Hyundai and Kia is a testimony of our technical expertise in the lithium-ion cell manufacturing space. So far the parent company, Exide Industries have invested INR1,285 crores in FY '24 alone. And with this, the total equity investment in EESL is INR2,302 crores till March '24.

In terms of the outlook for the lead-acid business, the core business of Exide, the demand scenario remains upbeat in the near to medium term. In FY'24 alone, domestic production of passenger vehicles reached close to a 5 million mark. This gels very well for our replacement business in the coming years. With rapid urbanization, increasing inter and intra-state connectivity, demand is expected to remain high in the automotive vertical. Additionally, new opportunities like auxiliary batteries for electric vehicles are also rising.

On the industrial side, the government's focus on infrastructure spend has worked as a major growth driver for the products and solutions that we have. Our exports has always been a focus and it is getting even more focused now that we are going global as a company. Our focus is to strengthen our presence in the existing markets by offering new range of products which are fit for the market, for example, AGM batteries for SLI applications and enhanced flooded batteries for SLI. We are also expanding geographically by placing resources in key markets to drive business growth and to provide prompt on-ground support to our customers and channel partners, wherever required.

So with this, I come to a close of my opening remarks, I'll be very happy to take your questions now. Over to you, Aakash.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Vibhav Zutshi from JPMorgan.

Vibhav Zutshi: Congrats for a strong quarter as well as the MOU with Hyundai and Kia. My first question is basically on this partnership. Could you provide some more details around the potential size of this contract and share, if you are going to be the exclusive supplier of this deal. Basically, Hyundai, globally has announced building battery plants of 20 to 30 gigawatt hour with LG and SK innovation. So just trying to understand whether Exide can also look at such scale or cell capacities over the longer-term. So some more details on this partnership will be really useful?

Avik Roy: Thanks, Vibhav, for the question. Regarding this, we have already made a statement in the public domain, which you can refer to. Beyond that, you have to appreciate that we have signed a nondisclosure agreement with our client. So, we have limitations in giving you more details at this stage. However, I'll request my colleague, Mr. Arun Mittal, MD and CEO of EESL, to throw some light on this, based on the public disclosure that we made.

Arun Mittal: Yes. So, Vibhav, as you're aware, we have signed a nonbinding agreement with Hyundai and Kia. This is a global platform which Hyundai is developing. And till now, they were using NMC Chemistry from SK. And the customer is realizing that there's a lot of merit in shifting to LFP chemistry. And looking at the readiness of our plant and we be in a very sweet spot and be able to offer them local supplies, which is very critical for all the OEMs going forward.

They have gone ahead and signed a nonbinding agreement at this point of time. We are working on the details in terms of capacities and all that, and that is something which is still work in progress and has not been finalized. So I think the shift, which I can confirm is from NMC to LFP. I think that is what has got them interested. And secondly, our readiness of the plant, which should be able to give them local supplies, because domestic value addition is a significant aspiration of all the OEM manufacturers in the country.

Vibhav Zutshi: That's helpful. And just as a follow-up. So, you have been mentioning in the past that margins in lithium-ion manufacturing for you won't be materially different from what you do in the lead acid business, due to the pricing advantages. Now given that we are only a few quarters away from commissioning, would you be able to provide some colour around margins, ROCE, any range? Or would you stick to that guidance that it will be similar to what we do in the core business?

Arun Mittal: I would request Mr. Mukherjee to take that question.

Asish Mukherjee: Yes, that's right. Asish Mukherjee here. So, we are in the process of first starting the commercial production and then there will be the stabilization process. And the margin will come when we reach the full capacity utilization. At that stage, we expect it to be in the range of the mid-teens, as far as margins are concerned. And the return on capital, it depends also on the commodity prices, because while the margins we can expect to keep around mid-teens, but in the absolute terms, it depends on the commodity prices.

Vibhav Zutshi: Absolutely.

Asish Mukherjee: Yes. It is too early to comment on that. I think going forward, closer to the time, we can give more colour to it.

Vibhav Zutshi: Sure. And my second question is on the lead acid battery business. Given the strong volume growth that we've been seeing for the last 2- 3 years, any capacity expansion that you think would be required for this business? Or is the current capacity is enough to meet demand for the next few years?

Avik Roy: So, Vibhav let me take this question. So you must have heard in public domain, the top 2 auto manufacturers of the country, the way they are investing in their IC-engine capacity. So we are in a reflective business. So obviously, we have to take steps towards adjusting our capacity to the demand, which we are doing constantly, and we keep on doing that. And we'll adjust our capacity to meet the entire demand. We are investing in that.

Vibhav Zutshi: Okay. So to the adjustments only you'll be able to do it for now?

Avik Roy: Yes. Generally, if you have seen our trend of the last couple of years, around the ballpark of INR500 crores, which is more or less equal to our depreciation, that has been our capex outlay for lead acid business.

Moderator: The next question is from the line of Kapil Singh from Nomura.

Kapil Singh:

My question is on the lead-acid business. I just wanted to check what is the demand outlook there for different segments. And also you mentioned rooftop solar, so if you could give your thoughts on what could be the competencies that Exide could have in this business?

Avik Roy:

Sure. So, I'll first take the outlook on some of the important segments, some of the larger segments. The way we have seen this year, the way we have seen the automotive production bouncing back in the last two quarters in H2, and particularly quarter 4, and with the capacity addition plans of some of the major OEMs of the country, we're extremely bullish on our aftermarket potential after three years. We have maintained our market share very strongly in this environment and we think we should be able to do it. More urbanization, more mobility, more intracity as well as intercity mobility, and more there is a demand for passenger vehicles. And we think that Exide will be able to ride on this demand.

On the industrial space, as I've already mentioned in the opening remarks, we are benefiting out of the infra capex of government, the infra capex outlay, number one. And you have to understand battery business is a short-cycle business which generally happens at the late cycle of the capex. So whatever capex programs or announcements or the outlays you see today, actually these projects will result in our business, maybe 12 to 18 months later. So whatever growth we are seeing now is basically a tail end of the earlier cycle, as well as the short-cycle business which we do in the aftermarket of industrial space.

So this gives us a lot of confidence and we are also preparing ourselves in terms of competence and in terms of capacity to ride on this. The outlooks vary from segment to segment. I-UPS segment is riding on more and more data usage and data penetration in the country, the need for critical power is increasing. It's no longer a power backup, it's more of critical power. Healthcare, hospitals, banks, schools and everywhere, you see this requirement of UPS going ahead. This digital UPI payment has led to a lot of opportunities in UPS business in rural India.

Similarly, renewables, I don't need to mention. You are all reading in the newspapers, the future renewables has in this country. The other segment which has come back actually, is the thermal power segment. The thermal power generation and power transmission segment which was lying dormant for the last six years or eight years maybe, it has come back. And this is where we see an incremental huge demand year-on-year, which will continue for the next five to six years to just complete the ongoing projects. This is more or less the outlook for the future.

Regarding rooftop solar, let me tell you that we are trying to organize, an otherwise unorganized sector. We are using the power of Exide brand to our consumer, the service which they were getting from local unorganized sector, in terms of rooftop installations. And what are we providing is a value- You may have noticed that we are designing the complete solution for them.

We are designing and we are using technology for that, from remote, from our office, from GPS activated devices. We are designing the plan for the layout of the roof and designing a solar solution for them. And we are installing it for them and we are giving a five-year comprehensive warranty on the total solution, not on individual products only. So this gives a lot of confidence

to the consumer that they have Exide brand to stand behind them for any kind of service requirement or warranty requirement. So this is how we are generally leveraging on the power of our brand and the quality of our service. Does that answer your question?

Kapil Singh: Yes sir. Thanks. Also, just on the lithium-ion business, I had one question. Just in terms of pricing policy for sales, what are we following in general? Is it a cost-plus model or is it a fixed-price model? And how does our pricing compare to current prices in China? And also, if you could talk about at what level of utilization, does that facility break-even?

Avik Roy: So I'll request Arun to take this question, please.

Arun Mittal: Yes. So this lithium-ion battery pricing is normally indexed to the major raw materials. This is a standard practice which is being followed. And we plan to follow the same indexed approach so that any increase or decrease in raw material prices is passed on to the customer, number one.

Number two, as far as the current pricing of lithium-ion batteries is concerned, as far as customers are concerned, they are looking at parity of imported landed. So, I think as a company, we also have to offer prices which are at par with imported landed. So we have a comprehensive agreement with SVOLT which entails also helping us in setting up the supply chain. And we will leverage on their buying volumes. We will club our volumes with their volumes. And we will be also able to source raw materials competitively with SVOLT sourcing. And that gives us the confidence that we should be in a position to offer prices which are at par with imported landed.

And regarding your second question, I think Mr. Mukherjee already answered that. Once we reach 80% to 90% of capacity utilization, that is the time where we can get our intended margins.

Kapil Singh: My question is not on an intended margin. My question was what is the breakeven capacity utilization?

Arun Mittal: Sorry. Just your voice cracked. Can you just repeat the question? I just lost your voice.

Kapil Singh: Yes. What I was checking is, what is the capacity utilization for breakeven of this facility, say EBITDA breakeven is possible at what percentage utilization?

Arun Mittal: So breakeven, I think we should be able to do at 50% to 60% capacity utilization.

Moderator: The next question is from the line of Jinesh Gandhi from Ambit Capital.

Jinesh Gandhi: My question pertains, firstly a clarification on arrangement with SVOLT- So we have an agreement to pay variable royalty or its on fixed technically fee basis?

Arun Mittal: This royalty thing is not in the public domain. So, we would request you to not press us for this information.

Jinesh Gandhi: Okay. But it's a royalty basis, not a technical fee basis. Got it. And second question again continuing on the lithium-ion side, when we say non-binding agreement with Hyundai and Kia

group, it means there is no clarity on what kind of volumes offtake will be there or pricing. What do you mean by non-binding agreement?

Arun Mittal: So non-binding agreement basically means that both the parties intend to work together. And between non-binding to binding, lot of loose ends have to be tied up – in terms of the entire timelines of the plan, in terms of the development of the cell with the help of SVOLT, in terms of setting up additional plant and machinery for meeting their particular requirements. So, I think there's a lot of work to be done, all that work is still work in progress. As soon as it materializes, I think that is the time we'll probably be able to share more information. Right now, as I said, this is still work in progress.

Jinesh Gandhi: Okay. And this would not be a exclusive arrangement which Hyundai will be having with us, for the Indian market?

Arun Mittal: So let me tell you this. The way it works is that when a vehicle manufacturer, and particularly I speak in reference to passenger vehicles, when they partner with a battery manufacturer, the entire development is done jointly. It is kind of a co-development actually. Both the battery manufacturer and the vehicle manufacturers work very closely, in terms of optimizing the energy density, optimizing the space, optimizing the cost, quality, everything.

T this is more of a partnership and in these kind of programs, it is normally not a practice to work with multiple partners, from battery sourcing point of view. So Hyundai for this particular model would be exclusive to Exide. And that is because this is the global practice. No OEM works for one program with multiple battery manufacturers because that increases the complexity and the variables.

Jinesh Gandhi: Got it. Now this is very insightful. And lastly with respect to lithium-ion. So from here on you indicated we have invested close to INR2,300 crores so far. What would the balance investment...

Arun Mittal: Yes. Mr. Mukherjee can answer this question.

Asish Mukherjee: Yes. As of now, we have invested INR2,000 crores in EESL. And the other unit, which is a pack and module-making unit, we invested about INR300 crores. So put together it comes to around INR2,300 crores. Now total investment in the Phase I, in capex, will be approximately around INR5,000 crores. And we are quite confident of financing this project. Initially, there will be some bridge loans, because cash inflow and outflow there is always a mismatch, and the project cannot wait for the cash flow to happen. There will be bridge loan initially for certain amounts, which we are confident enough to repay over a period of time.

Jinesh Gandhi: Right. But Mr. Mukherjee what would be incremental further investment from Exide into EESL?

Asish Mukherjee: Investment for the current year, we expect to invest around INR1,000 crores.

Jinesh Gandhi: Okay. But the Balance INR2,000 would be through bridge loans?

Asish Mukherjee: As of now, but it all depends on the cash flow. And as I said, that this loan will be kind of a bridge loan whenever it's required. And depending on the cash flow of the core business, we're confident of repaying it.

Jinesh Gandhi: Got it. And last question for the fourth quarter performance. So we have seen a very good improvement in margins in fourth quarter vis-a-vis third quarter. So this would have been driven by what mix and price increases or we have seen anything else also? And what kind of price increases we have taken in replacement market in the fourth quarter?

Avik Roy: So the last question first. We haven't taken major price increases in fourth quarter. But we have been taking calibrated price increases throughout the year, as and when it favoured us. To answer your question about the fourth quarter margin expansion over Q3, there are a couple of things which favoured us.

One is our core raw material lead. We had a favourable lead environment in Q4 which was better than last year's Q4 also as well as the previous sequential quarter also. We also had a better mix in terms of two things. One is our high-margin products sold more than the low-margin products, across the verticals.

The third reason is that also our trade to OEM ratio improved in fourth quarter. So that improvement may be at a very high base, even 1%, 2% shift of that ratio creates a lot of favourable impact on the company's bottom line. And most importantly, we have been undergoing this cost-optimizing initiatives for the last 2 years, particularly on factory costs. That project is almost coming to an end and the results are starting accruing. So fourth quarter, we got some favourable benefits from those cost-optimizing initiatives also which we'll see more and more in this fiscal year. All these put together, has created a favourable bottom line environment for us in the Q4.

Jinesh Gandhi: Got it. This is very helpful. Thanks and all the best.

Moderator: Thank you. The next question is from the line of Arjun Khanna from Kotak Mahindra Asset Management. Please go ahead.

Arjun Khanna: Congratulations on good set of numbers on the fourth quarter. Sir, my first question is on the lithium-ion side. In terms of yields etc., are there any agreements that we have with SVOLT in terms of the output? Are there any milestone-based payments that could accrue to them that we would need to pay in this year or next year?

Arun Mittal: Yes. the agreement what we have with SVOLT is exhaustive. It covers four aspects. One is the transfer of IPs and designs for the intended cell, what we intend to manufacture. Second is, helping us in design and setting up of the plants and procurement of capital equipments. Third is, to help us in setting up the supply chain from China because unfortunately supply chain does not exist in India. And lastly, also to help us in ramping up the production and help us in achieving the required yields. So it's a very comprehensive agreement with SVOLT accompanying all these four aspects. And the payment terms, I would not like to discuss because that is something which is not in the public domain.

Arjun Khanna: Sir, I just wanted to understand, would the payments be front-ended or they would be over the lifetime of the product?

Arun Mittal: No, these are milestone based, as those agreements span over these four broad areas of collaboration.

Arjun Khanna: Right. Sir, since we are on the lithium-ion, in terms of phase 2, at what point in time we take the call on going ahead with it? Would it be 1- 2 years after phase-1 commences production, we scale up, or phase 2 would probably happen quicker? just current thoughts at this point in time?

Arun Mittal: So, as soon as we have a visibility for kind of evacuation of our Phase 1 capacity, we start planning for Phase 2. Phase 2 will be much faster because the entire land has been developed, all the utilities are already in place. So it is just a kind of a very short cycle, we'll be able to set up the additional capacity. And that we will do as soon as we see the visibility of evacuation the Phase 1 capacities.

Arjun Khanna: Sure. Sir, my second set of questions were on the lead-acid side. We did mention some of our key export segments such as motive power, etc. Are we seeing a decline in motive power given that the world is moving towards advanced cell chemistries?

Avik Roy: See, on the motive power front, this is not so much driven or decided by the consumer, its driven by the OEM and their strategies for sustainable goals. Now, just to give you sense, on the vehicular space, the shift is from IC engines to batteries, which means from fossil fuel to electric. So likewise, in motive power, you already have electrified forklift, which is running on lead acid today, so that the diesel-to-electric shift is happening, but the diesel-to-lithium-ion is not a mandate for the market. We see more and more electrification in favour of lead-acid battery.

Now some of the OEMs have come out with lithium. There are applications, but we don't see a threat in it, because when we talk to our customers and even some of the OEMs, this will be part of their portfolio, but this will take a long, long time to become their core business. There are many reasons for that. I'm not going to the detail. But you have to also understand that for some of the rick trucks and forklifts trucks, the lead acid battery which is much heavier than lithium, also work as a counterweight.

So this is something we'd see lot of value in it. And the innovative products, which we and many of the players are developing on the lead acid side, to increase the cycle life of a lead acid battery, we see that the global penetration of lithium-ion will be much slower than electric vehicle. And we are not worried about it. In any case, we have very little world market share, So to feel that we reach a 60%, 70% market share, there is a whole lot of opportunities for all of us.

Arjun Khanna: No, perfect. This is very good to hear, sir. Thank you. Sir, just the last part to this. In terms of margins, we had given a guidance, maybe we are not as a hard guidance, but our trajectory is that 12% to 14% EBITDA margin range is what we are comfortable on the lead acid side. We have obviously moved closer to that zone at this point in time. How difficult do you believe would be for us to maintain in this band? Are there risks that for next quarter or the quarters after, we may come below?

Avik Roy: See, first thing, I'll just take the first sentence and then hand over to Mr. Mukherjee. You have to understand our product deals with the commodity, which is hugely volatile. So giving our guidance based on a volatile commodity, will not be proper for either you or me. Having said that, we have taken a lot of other operational actions to sustain our margins and we have declared that we'll reach our pre-COVID margin levels within a short time and we maintain that. I hand over to Mr. Mukherjee to give you further colour on this.

Asish Mukherjee: Yes. As Mr. Roy said, first thing I would say that, we don't give any guidance on the margin for the future. As Mr. Roy said that we are engaged with some cost optimization initiatives, which have started giving results. We definitely expect our margin to stabilize at pre-COVID level. But there will be fluctuations quarter-to-quarter, because the commodity prices are extremely volatile. And over a period of time, it is passed to the market. But it doesn't happen on an on-line basis. There is always a lag. So at times, it affects the margin to that extent.

Moderator: The next question is from the line of Nishit Jalan from Axis Capital.

Nishit Jalan: Congratulations on good set of numbers. I have 2 questions on the lithium-ion battery business. So good to see that Hyundai MOU, any more such customers where you are working with or where you have started getting orders- big incumbent OEMs, in terms of whether orders or MOUs, because your plant will get commissioned towards the end of the year. So how should we look at a commissioning of that plant and what kind of orders you have already received? That is number one.

Number two, since you mentioned yourself that supply chain for battery doesn't exist anywhere except China, what are the key areas where we are doing localization? And what would be the localization content that we could have in our battery plant?

Arun Mittal: So let me take the second question first. So the supply chain follows the capacity of the batteries. So, unless there is a capacity of 50 gigawatt hour in the country, we will not see a good growth in supply chain here. Having said that, there are some large players who have spent out their intention of setting up local supply chain, Himadri Chemicals, for example, is one large player which has shown interest in setting up capacities for the LFP and also for the anode material.

Similarly, we have another set of companies who are looking at various active and passive components that will go into a battery. So the short answer is that as we see more and more battery capacity coming up in the country, the automatically supply chain will follow the battery capacities. And can you just please repeat your first question?

Nishit Jalan: My first question -- sorry, first a follow-up on this. So yes, you're right that industry needs to start first, and then we will see localization happening of other components. But when we start our plant or start manufacturing in the first year, it will largely be import-based? Is it fair to assume that? And import context will be fairly high?

Arun Mittal: Yes, that's correct.

Nishit Jalan: Okay. My first question was on basically remains order wins from OEMs. So we are starting our plant. So like we have got...

ArunM: Sorry, I have a constraint in disclosing the name of the customers.

Nishit Jalan: But not the names, Without disclosing the names, if you can give some colour if you have got orders from any incumbent big 2-wheeler or 4-wheeler OEMs, which will get into production as you start the plant, the plant, because we will be starting our plant towards the end of this financial year, right?

Arun Mittal: So, may be, what I can share at this point of time is the telecom industry is moving to lithium-ion batteries. And I think we have started our commercial supplies to tower companies. And on the automotive side, we are working with 2-wheeler, 3-wheeler, 4-wheeler and the bus companies, all sets of customers we are working. And these are at various stages of engagement with the customer. We have a very high level of confidence that we should be able to evacuate our full capacity, as soon as we are able to ramp up the production and stabilize the production.

Nishit Jalan: Okay. That would be great. Just one more follow-up. I'm not asking for any non-public information, but just to understand how it works. So when you sign an MOU, how much time can it take to translate that into an order and you start supplying them? And is there a possibility that even after signing an MOU that does not translate into an order?

Arun Mittal: So let me answer the first question first. it is already a developed cell with either Exide or SVOLT, when the lead time for supplies is very short, actually. So for example, if the customer is interested in taking up one of the cells which we intend to buy. And this is already in production with SVOLT in China, then I think the lead time for supplies can be very, very short, actually. For example, many of the 3-wheeler customers, the telecom customers are planning to take a particular cell, which is in mass production in SVOLT and we also plan to make in India. This is something, which gets into a smooth kind of migration from China to India, as soon as the plant ramps up.

But if it is a new cell development, then it normally takes a year of time to develop, design the cell and validate the cell. So this is the difference between an existing cell and a new cell. have I answered your question?

Nishit Jalan: So the only part which is left is, is there a possibility that even after signing an MOU, it does not translate into an actual order and supplies?

Arun Mittal: A non-binding MOU means that there can be a slip between the cup and the lip. Having said that, I would only mention this that this was a global announcement by Hyundai. We are very actively engaged with Hyundai in terms of the next steps, in deciding on the capacities, that we've built up for that cell and the development and all that. So, I would say that the chances could be very, very minimal of not getting converted into an order.

Nishit Jalan: And this will be for Hyundai India, whenever it translates into an actual supply order.

- Arun Mittal:** Yes. These platforms are global platforms, as I mentioned earlier. These global platforms are like whatever vehicles Hyundai makes in India. These are exported all over the world. It is a global platform. This will be made in India, and they wish to procure these cells locally made in India. And these vehicles will be sold in India and all over the world, that is the whole plan.
- Nishit Jalan:** Okay. Okay. Sir, one question, one clarification...
- Moderator:** Sorry to interrupt, sir. I may request to kindly re-join for follow-up questions. We'll take the next question from the line of Deepak Jain from Enam AMC.
- Deepak Jain:** Sir, congrats on good numbers. Sir, my question is that on PLI, have you opted out, or can you give some clarification on that?
- Avik Roy:** Yes Arun, you can take that.
- Arun Mittal:** Yes. So as you all know, PLI is only meant for greenfield projects. And since we have progressed so much into the project, it was difficult for us to meet the tender conditions, which are basically one of the conditions in the tenders take place that the construction has to start after the signing of the agreement with the government of India. So that made it be very difficult for us, and that is the reason that we did not participate in the PLI.
- Deepak Jain:** Okay. Sir, my next question is the agreement with Hyundai. You said it is for one global model. Sir, does the negotiation with other customers also happen model-wise? Because I believe Hyundai is planning to launch three, four EVs globally till 2030. So it is model-by-model negotiation?
- Arun Mittal:** So, I said the platform. The models can be on the same platforms. So right now, what we are talking of and what is relevant to us as a platform. So one particular platform that we are working with Hyundai. We plan to give one of the cells of LFP prismatic type.
- Deepak Jain:** Okay. And sir, can you give the order book of EESL?
- Arun Mittal:** I think we have a strong order book. From like last September, we are having an order book of INR600 -700 crores. And we see a strong pipeline going forward.
- Deepak Jain:** Okay. Sir, my last question is on lead acid. Can you tell me the value and volume growth for Q4?
- Avik Roy:** Well, the value growth is 13% that we already announced. The volume growth is around that number. As I said, volume was a key driver for value growth for us. So around that number only.
- Moderator:** The next question is from the line of Diya Brijwani from White Whale Partners.
- Diya Brijwani:** My question was how are we looking to fulfil the EPR obligation? I understand that we have an internal recycling unit, but just wanted your perspective on how are things on ground? And what's the penalty levied in case of non-compliance?

Avik Roy: So let me request our Company Secretary and Chief Compliance Officer, Mr. Jitendra Kumar, who's in the call to respond to that.

Jitendra Mohanlal: So, this EPR certificate, as we understand, this is coming out of the BWMR requirement. This is still work in progress- in terms of quantification of the entire obligations. We understand that this portal is still being developed by the CPCB, and we are ready at our end. But as soon as we get more clarity on this in this quarter, more clarity on those rates and quantification of the liability, then we will be able to comment. But as far as we are concerned, we are confident that we are more or less meeting our requirement as of now. And depending upon how this situation pans out, we will quantify the outflow requirement to the EPR obligations.

Diya Brijwani: Got it. Just a follow-up on this. So how do you manage the supply chain for the chloride plant? Don't you see any leakages towards informal recycling guys, given that they offer a higher price to the dealers. So just wanted your sense as to how do you procure the used lead acid batteries.

Avik Roy: So let me take this question. Chloride metals is a very important material subsidiary that we have within Exide industries. And more than 60%- 70% of our requirement is fed by chloride metals, which includes even pure lead procurement and things like that. And we have multiple sources of collecting these batteries. And one of the major sources is imports, which we are actively engaged in, and we are increasing our shares of collecting imported batteries. This is to feed the lines. And as far as fulfilling our BWMR obligations, we have opened up new channels through our sales team, activated them to increase collections from our dealer network, from the B2B business, and we participate in auctions and get these collections. So from the industries, we make a collection.

So some of the customers and most of the customers, they also want to work with people like us. So we have been fairly successful, and that is why my colleague told you that we are well prepared to make this obligation. And I think we are best placed because we have our own recycling unit for which also we are investing in augmenting the capacity. So chloride metal themselves are investing in increasing their smelting capacity. So more and more whatever we pick up, we can recycle it in-house within the group. I think we are much more prepared on this than many of our competitors because we have this in-house recycling facility ourselves.

Diya Brijwani: So how much is the percentage of imports, which is used for the recycling plant?

Avik Roy: At this moment, I don't think it's safe for me to give a percentage. But overall, because this is related to chloride metals, Exide does not import, chloride metals imports. So I would not like to give an exact percentage for chloride metals because it's not in public domain. But all I can tell you, chloride metals today supplies about 60% to 65% of Exide sales requirement, which is only to go up because they also plan to invest in their capacity.

Moderator: Thank you. We'll take the next question from the line of Aditya from Investec. Please go ahead.

Aditya: Congratulations on a good set of numbers and congratulations on the partnership with Hyundai. Sir, it's very heartening to hear this partnership for the 4-wheeler batteries. Similarly, if you can give us some light on the 2-wheeler side, has there been any development? So once our cell

capacity comes onstream, we can clearly supply to nexcharge facility in Ahmedabad. But beyond that, have you entered into any discussions for supplying lithium-ion cells to any 2-wheeler manufacturer, whether incumbent or a new-age company? And if you can throw some light on this aspect?

Avik Roy: Yes. I'll request, Arun to take this question, please.

Arun Mittal: Yes. So, Aditya, we are in active discussions with all the 2-wheeler manufacturers who have electric wheel program. And these discussions are at the various stages for supply of cell and pack. Since we have an NDA, I am under constraint not to reveal any specific details at this point of time. But as and when the agreements mature and there is a public disclosure, we all will come to move through it. But just to reinforce that we are in active discussion with most of the 2-wheeler manufacturers who have electric vehicle program.

Aditya: Okay. Sir, and just one thing on our partnership with SVOLT, we are in partnership with NMC and LFP battery for automotive application. And over a period of time, are we also working on application on the industrial side, whether it is storage cell or these kind of applications for storage? Or is there a separate agreement that we need to do?

Avik Roy: So, these cells, what we plan to make the LFP prismatic cells. These cells are for electric vehicle application or for industrial application. We are planning to make 4 types of cells, and these cells have applications on both automotive side and industrial side. So certainly, we have plans of using SVOLT cells and technology for industrial applications also.

Aditya: Okay. And sir, is there any restriction from SVOLT side for tapping some export opportunity, if you're either directly exporting or supplying to OEMs who export that vehicle?

Arun Mittal: This is the technology collaboration agreements, normally have a territory clause, but there is no blanket ban or something. The agreements normally allow both the parties to discuss mutually and take a call, on a case-to-case basis.

Aditya: Okay. And sir, final question on SVOLT. So now, do you think also earlier I mean our impression was SVOLT and Exide partnership with exclusivity. But do you think that the way things are progressing at a rapid pace, EVs volumes are ramping up? Do you think that SVOLT can potentially partner directly with an OEM or it has to go via Exide only?

Arun Mittal: I think. These are finer aspects of the agreement, which is not in the public domain, Aditya, and I would not like to make a comment on this at this point in time.

Moderator: Thank you. The next question is from the line of Apoorv from Whitestone Financial Advisors Private Limited. Please go ahead.

Apoorv: Sir, I have one question regarding the lithium-ion cell manufacturing plant. What is the asset turnover we are looking for this plant?

Avik Roy: Mr. Mukherjee will answer this question.

- Asish Mukherjee:** Yes. As I said earlier also, because this absolute number is very difficult to give now, because we have just constructing the plant and then we have to start with the commercial production, then stabilization process. And then when we reach the full capacity utilization, all these questions come, but it also depends on the commodity prices at that point of time. So very difficult to answer now. As I said that there is some outlook on the margins we can expect, at the full capacity utilization, but I think closer to the date, we can give more clarity on the return on capital or the asset turnover.
- Apoorv:** So just like some ballpark number, like, for example, if we take the price which is going as of today, what number do we come at for maybe the potential asset turnover? Just to give me like some numbers in the mind?
- Asish Kumar:** It will be more of a theoretical in nature, because I don't think the situation will remain at the same level. It's more realistic to be closer to the date.
- Avik Roy:** Actually, at this moment for lithium-ion, there is no industry benchmark in India, possibly, that's why all of you are struggling. But once the capacities come up, you'll also have an industry benchmark so that you can compare who is better than who and things like that. That is the kind of a disadvantage of being the first, but we'll be able to give you more colour going forward.
- Apoorv:** My next question is regarding like as mentioned that around INR5,000 crores is required for the capes. So out of that, like how much is from internet approvals and how much we have taken from loan?
- Asish Kumar:** Yes. As of now we have already invested INR2,000 crores. And we are quite confident enough to finance this project from our internal accruals, without compromising anything, any investment requirement for the core business. But we cannot finance it at one go, so there will be some bridge loans which we are confident to repay over a period of time. And so, out of total INR5,000 crores, we have already invested INR2,000 crores in the last financial year. And going forward also, we are confident enough to infuse capital, depending on the cash flow situation.
- Apoorv:** So most will be from maintenance accruals, remaining 3,000 would be, right?
- Avik Roy:** Mostly from internal accruals, but the cash flow happens over a period of time and we cannot delay the project just waiting for the cash flow to happen. So we have to take some loan just to fill that gap and that will be, in the subsidiary EESL books bridge loan. And depending on the cash flow situation from the core business, we can increase further capital and the loan can be repaid from there.
- Apoorv:** And sir, my last question is on the lead acid battery side. So what percentage do we sell in aftermarket?
- Avik Roy:** So the aftermarket share is about 75% of the total automotive trade business, 20% from being OEM and about 5% from exports. That's the split. It has reduced in this quarter.



Exide Industries Limited
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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 closing comments. Over to you, sir.

Avik Roy: Yes. So thank you, everybody. Thank you for your participation. It was very engaging and encouraging to answer to all your questions. I hope we have been able to answer the questions satisfactorily. However, if you have any further questions or would you like to know more about the company, we would be happy to be of assistance. So please get in touch with us. Thank you.

Moderator: Thank you, members of the management. On behalf of Investec Capital, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.