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10th November 2026

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 Q2 FY 2026-27

Dear Sir/Madam,

This is in furtherance to our letter dated 05th November 2026 wherein the Company had submitted the link of the audio recording of the Earnings Call held for Q2 FY 26-27 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 MOHANLAL
Digitally signed by JITENDRA KUMAR MOHANLAL
Date: 2026.11.10 12:35:10 +05'30'

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

Encl: as above

"Exide Industries Limited

Q2 FY27 Earnings Conference Call"

November 05, 2026

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. PRAVIN SARAF – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, EXIDE ENERGY SOLUTIONS LIMITED
MR. JITENDRA KUMAR – PRESIDENT (LEGAL & CORPORATE AFFAIRS) AND COMPANY SECRETARY – EXIDE INDUSTRIES LIMITED
MR. PRASHANT SARASWAT – HEAD- INVESTOR RELATIONS, EXIDE INDUSTRIES LIMITED

MODERATOR: **MR. RAGHUNANDHAN – NUVAMA WEALTH MANAGEMENT**

Moderator: Ladies and gentlemen, good day and welcome to Exide Industries Limited Q2 FY27 Earning Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask a question. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Raghunandhan from Nuvama Wealth Management. Thank you, and over to you, Mr. Raghu.

Raghunandhan: Thank you, Sid. Good afternoon and Happy Diwali to everyone. From Exide Industries, we have with us MD and CEO, Mr. Avik Roy; Director Finance and CFO, Mr. Manoj Kumar Agarwal; President Legal and Corporate Affairs and Company Secretary, Mr. Jitendra Kumar, and Head of Investor Relations, Mr. Prashant Saraswat. Before we proceed, here is a 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 sessions. I would like to congratulate the entire management team for robust results, and especially Mr. Avik Roy and Mr. Pravin Saraf for commissioning of 6 GWh lithium cell giga factory at Bengaluru. I now invite Mr. Avik Roy for opening remarks. Over to you, sir.

Avik Roy: Thank you, Raghu. Good afternoon, ladies and gentlemen, and a warm welcome to you all to the Exide's quarter two earnings call. Just to add, our MD and CEO, Pravin Saraf, for the Lithium-Ion Project is also on call, in addition to the participants mentioned before. Today, I will cover how the market shaped up in quarter two, our business performance in quarter two, and the commissioning of our lithium-ion cell plant at Bengaluru, before closing with the near and mid-term market outlook.

Overall, the demand held up well across our addressable markets during the quarter two. The affordability gains from GST rationalization supported the automotive demand, aided by healthy replacement market. Festive season buying has started, creating further demand since the end of the quarter. Vehicle registrations data of Vahan bears this out. Registrations rose by 1.3 million year-on-year for two-wheelers, which is an increase of 32%, and 0.3 million year-on-year for passenger vehicles, which is an increase of 27% year-on-year in quarter two. Partly on a soft base, last year's quarter two was pretty low, as buyers held back last year September purchases ahead of GST 2.0 implementation. Electric two-wheelers reached 11.6% of the two-wheeler retail in September, which is directly relevant for our lithium-ion business.

We expect that two to three years from now, this automotive OEM demand will translate into aftermarket demand, for which we are getting prepared. Some of the new capacity expansions announcements by major OEMs are also encouraging us in this direction. Solar and infra push by the government is likely to drive our solar and stationary storage business in a big way. Now turning to company's performance.

Standalone revenue for quarter two was INR5,026 crores, which is up 20.3% year-on-year. The growth momentum of quarter one carried into quarter two, taking our half-yearly revenue to

INR10,331 crores, up by 18.9% year-on-year. This is the first time we have crossed INR10,000 crores revenue milestone in half year. Input costs remained elevated vs last year due to prolonged geopolitical challenges, especially across West Asia, as well as a weaker rupee.

Crude oil prices went up significantly, resulting in an overall inflationary environment. On a sequential quarter basis, the full benefits of softer lead or softer LME for lead and antimony prices could not be fully realized due to continuous weakening of rupee against the U.S. dollar. The company undertook various cost optimization initiatives to absorb this cost pressure. Further calibrated price increases and volume-led growth enabled the EBITDA margin expansion on a year-on-year basis.

EBITDA came in at INR606 crores, up 53.6% year-on-year, and EBITDA margin improved to 12.1% from 9.4% in the quarter two, resulting in an expansion of about 270 basis points on a low base. Last year's base of quarter two was pretty low for us. That also helped us. As you know, last year's quarter two was extraordinarily impacted by the sudden pre-GST 2.0-led demand slowdown, where we had to ramp down production to improve capital efficiency, and that had led to certain under absorption in our operations.

For half year, EBITDA margin was 12.2%, up 130 basis points year-on-year. Half year pre-tax profits grew by 46.5% year-on-year. The balance sheet remains strong. We continue to be debt-free and generate healthy operating cash flows. Let me take you through a bit deeper in the business insights for the quarter two of 2027.

The automotive OEM business grew by over 25% for the fourth consecutive quarter, as vehicle makers stepped up production and dispatches. We gained high share across key upcoming OEM launches, the new launches, for example, MG Hector Tomahawk, and Tata Aeris.

The two-wheeler and four-wheeler replacement business delivered its fourth consecutive quarter of double-digit growth, helped by a steadily expanding vehicle parc and the reach of our distribution network. Home inverters grew by 20% year-on-year, while solar grew by 40%+, supported by the favourable seasonal demand as well as the government initiatives, including the PM Surya Ghar Yojana. Exports grew by over 20% year-on-year for the second consecutive quarter on a low base.

We have informed you in the past that last year, the exports business went through a deep decline because of global issues, and that is why on a low base, we have delivered 20% growth for the second consecutive quarter. This reflects our sustained efforts on geographic expansion and new product introductions. In September, we signed a long-term strategic cooperation agreement with the ExCom Energy Solutions GmbH, Germany. This is to expand our industrial battery and energy storage business across the European Economic Area.

Industrial infrastructure, excluding telecom, grew by a high- single digit, supported by the industrial UPS as well as the traction motive power business. However, government tenders, mainly railways and power sector segment, continued to remain muted during the quarter.

I would also like to touch upon the progress made through our 'One Exide' operating model, which we have been communicating to the market for the last couple of years. This is an effort to bring the full strength of the organization together. We are increasingly sharing assets across businesses, combining our lead-acid market reach with emerging lithium-ion capabilities, and building a common digital engine across key functions.

These actions have already unlocked substantial amount of additional four-wheeler battery capacity through which we are able to meet both the OEM as well as the aftermarket demand concurrently. This has accelerated the scale-up of our go-to-market of our lithium-ion last-mile solutions and improved productivity across the organization. Together, these initiatives are helping us to operate as one integrated company with a sharper customer focus, greater market outreach, and of course, last but not the least, much more efficient use of capital.

Let me share an update on Exide Energy Solutions, our wholly owned subsidiary for lithium-ion cells. 23rd September was a milestone for us. Exide Energy completed commissioning of 6 GWh of lithium-ion cell plant in Bengaluru. In coming quarters, our focus is on stabilizing the lines and lifting the yields and ramping up the revenue. Customer qualification is progressing.

We expect approvals from a few OEMs and telecom players in the near term. With E2-wheelers now close to 12% of the two-wheeler retail, this opportunity is growing. As of today, Exide's cumulative equity investment in EESL stands at INR5,352 crores, including INR550 crores invested in the current financial year. With this, I close my opening remarks. Over to you, Raghunandhan. We can now proceed with the Q&A.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Raghunandhan from Nuvama Wealth Management. Please go ahead.

Raghunandhan: Congratulations again, sir. Thank you for the detailed opening remarks presentation and also thanking the support of investor relations team. My first question is on the lithium business to Mr. Avik Roy and Mr. Pravin Saraf. On the lithium cell line, can you indicate how has been the response from customers on the cell sample acceptance? What is the progress for auto wins in both NMC and LFP lines? Can you highlight opportunities in auto, BESS, telecom, and other segments over the next two, three years?

Avik Roy: I will take the first part of the question, Raghunandhan, and then I will request Pravin to take over on the outlook. As we mentioned in the previous quarters that we have been giving customer samples for their validation. As we speak, for some of the leading two-wheeler OEMs, the performance testing is over. Now they are doing the lifecycle testing. There is a process, there is a sequence.

Lifecycle testing takes time, and once lifecycle testing is over, they will do the pack and the vehicle level testing. That is the next phase. So far, the performance testing has been very satisfactory. We got positive feedback. This is on the NMC side. On the LFP side, the 102 Ah LFP cells we are already making.

We have given it to some telecom operators for validation, as well as we have started using it in our e-rickshaw packs, which is our own pack. These packs have been delivered to the market, they are running, and we have got quite positive response on the performance of the LFP cell as well. We expect the various validations of both NMC two-wheeler OEMs as well as the telecom towers to close concurrently very soon.

Meanwhile, we have also started supplying two-wheeler samples to some more OEMs beyond the leading OEMs. This is the status as of now. As of now, if you look at the market outlook, I will talk about the current outlook and then I will hand over to Pravin for the future outlook. Currently, the two-wheeler market, you have seen last three months, Vahan registrations of electric two-wheeler.

They have ramped up to about two lakh vehicles per month, which was roughly 1.2 lakh last year. In the quarter two, we saw about close to two lakh per month. Which translates to about 7.5 GWh- 8 GWh of market, which is existing today from new vehicles. With that, we feel we have adequately put up our capacity and we can take a share of the market, even not looking at the future penetration, even at the current penetration level. I will hand over to Pravin to add his views on this, on the outlook on BESS and telecom.

Pravin Saraf: Thank you, Avik. All the cells we have are addressing two-wheeler, three-wheeler, also the four-wheeler, some applications, as well as telecom and BESS. With the outlook for telecom, already we have contacted and given the samples to the few customers, and we expect it to release soon.

For BESS cell, we have the possibility to make the cell, but as you all know that we have the PLI scheme announced. We are waiting for the PLI, we will of course apply for the PLI. As under the PLI scheme, we will need to wait, and once the clarity is there, then we can go ahead with the manufacturing of the cell. We will wait for that only. But otherwise, our internal validations are showing positive results for BESS cell also.

Avik Roy: Thank you, Pravin.

Raghunandhan: Thank you, sir. My second question was on capital allocation.

Avik Roy: Yes.

Raghunandhan: The core business generates strong cash and funds the new energy investments while staying debt-free. Over the next five years, how is the board thinking about balancing reinvestment in the core business, building the new energy business, and returns to shareholders? What are the return thresholds which guide your choices?

Avik Roy: So, at this moment, I think I have mentioned this before also, our capital allocation strategy revolves around three elements beyond the dividend payout. The first is protecting the core. Protecting the core has two elements. Every year, we invest close to our depreciation, which is about INR400 crore-INR500 crores every year on our core business.

That has been consistently which we have been doing in the past. But in the past, we were mostly investing on our manufacturing technology to improve productivity, to reduce cost. We will continue to do that. Today, we have added one more element, which is also debottlenecking our existing lead-acid capacity to cater to the market after two to three years. See, today is a unique sweet spot for lead-acid because both OEM as well as aftermarket is growing concurrently. In the past, it never used to happen like this.

If the OEM was growing, aftermarket would be slow, aftermarket growing, OEM would be slow. Now we see both the segments growing strongly concurrently. Therefore, we are investing capital in debottlenecking each of our factory. Thankfully, we have multiple factories where brownfield expansion and brownfield debottlenecking is possible. So we are doing that. Substantial capital has been allocated to squeeze out every line, every asset.

And we are also in the discussion of putting up additional capacity because a lot of automotive OEM has approached us because they have announced their capacity expansions as well in conventional IC engines. And we will have to respond to their requests as well. The other part of capital allocation is basically factory automation. This we are doing continuously over the last couple of years to digitize, automate our operations, and improve our productivity.

As well as this is not only productivity, but we have seen positive benefit in our quality, in our warranty management. We have seen this automation contributing majorly. And the third most important capital allocation strategy is, of course, the Advanced Chemistry Cell, which you have seen. Now, most of our, I would say, the capex requirement for phase one for 6 GWh is over.

But you have to understand, you have to still run this factory for next two to three years. We have to fund the working capital so that we have to ramp up revenue. So the requirement of working capital will increase now, and we are building up an organization. So that third pillar of capital allocation in form of equity will continue for the next couple of years. So that is broadly our capital allocation strategy at this moment.

Raghunandhan: Thank you, sir, for the comprehensive answer. Just a last question before I fall back to the queue. Hyundai has been highlighting that they are fully focused on localization in India for electric vehicles. On the Hyundai-Kia tie-up, when can we expect progress on the co-investment announcement relating to the separate dedicated line?

Avik Roy: See, on this topic, Raghunandhan, you have to understand that at some point, this is a material disclosure. At some point, both of us have to make a joint statement. It is not fair for me to give you details unilaterally, because you need to have a view of Hyundai as well. All I can tell you, the discussions are in very accelerated way, I would say.

The Hyundai leadership, Hyundai India leadership is extremely bullish and trying to work with us. It slowed down in the recent past, but it again accelerated with Pravin taking a lead as well as the Hyundai India management collaborating together. Beyond this, I think we have decided that regarding Hyundai-Kia, we will make a joint statement when we reach the milestone, instead of one party making a statement in the public domain. Pravin, would you like to add anything on this?

Pravin Saraf: No, thank you. This is exactly, that is very serious, and we can only say that we are working closely with them to meet their roadmap for their implementation, considering the localization aspect.

Avik Roy: Yes.

Raghunandhan: Good to hear that, sir. We look forward to the announcements. I will fall back to the queue. Sid, can you take other questions?

Avik Roy: Thank you.

Moderator: Thank you. The next question comes from the line of Vibhav Zutshi from JP Morgan. Please go ahead.

Vibhav Zutshi: Yes. Hi, sir. Thanks for the opportunity, and congratulations for both the good results and the Giga factory commissioning. The first question is on the lithium-ion business. If you can better help us understand this comment on life cycle testing and vehicle testing. So, have you started recognizing the revenue for the lithium-ion cells, or it is still subject to approvals from the customers? If you can name some of the customers across automotive and stationary, that would be really helpful as well.

Avik Roy: Some of the names we will not be able to tell you because of various NDAs. Pravin can highlight. Briefly speaking, yes, as we said in the past, we have started generating revenue. As I said, we started with LFP. This was also our plan because LFP commercialization or revenue would have a shorter cycle time of validation. Therefore, we started doing that from October, not in Q2, but from October. Now, NMC, because it has a longer validation time, it will come next. Pravin, you add on it that there are questions on.

Pravin Saraf: Yes.

Avik Roy: What kind of engagements we have with customers?

Pravin Saraf: Sure. I can just add saying that all the OEMs, major OEMs, let's say, they already have a huge interest in localization. There are very good interactions, very structured interactions at various levels like R&D, operations, and procurement, in all functions. As you know, all know that there's a validation steps, so it is really going in very good progress.

Few of the customers, even major customers, expected to give the release soon for few of the applications. Few applications like NMC may take more time. Few small-time customers have also given firm orders even for NMC. I can only summarize this saying that we are going in right direction, and there is all positive feedback from all the customers. There are frequent audits at the plant.

Like example, one process I can tell you, if customer comes, identifies the sample in the process, and after completion, the same sample has to be given to customer. That process also we have successfully done, and the results are also encouraging.

Vibhav Zutshi: Got it. Thank you. That's helpful. Just a follow-up here. Is it fair to say that NMC revenue for the two-wheelers might start to come in the March quarter, in all likelihood?

Avik Roy: Pravin?

Pravin Saraf: Yes, for small customers, we can even start from next month in a small quantity. For the LFP, we already started, like I mentioned.

Avik Roy: I think the major OEMs, we are hoping will start in from beginning of quarter four or maybe February.

Pravin Saraf: Yes.

Avik Roy: But surely this fiscal year.

Vibhav Zutshi: Okay, that's very helpful.

Avik Roy: Yes.

Vibhav Zutshi: Second question is on the core business, on the lead- acid business. Now, base is not so favourable in the second half, and we've talked about it in prior calls as well. I mean, can we do a similar margin trajectory of 12% and maybe a growth of high- single digits? Is that possible in the second half?

Avik Roy: Yes, surely. I think, in percentage terms, it might come down, but you have to also understand that in absolute values, it has gone to a next level, both OEM and aftermarket. If you look at the OEM market, the passenger vehicles have gone up from an average of 1.3 million to 1.6 million in a quarter. It is almost 16 lakh. So, absolute value will remain at that stage.

In percentage terms, yes, you are right. If you look at the Vahan registrations, last year, quarter two, passenger vehicle was -1%, and this quarter two was +22%. This is not us. I am talking about the vehicle registrations, retail sales. Two-wheeler was -6% last year, declined. This year, it is +27%. So obviously, there is a demand boom which is happening now. In Q3, these percentages might change.

But in October, as we have already completed October, actually, we have not seen that signal. October was even stronger than September. In percentage terms, I still feel I should take a cautious view that it might come down moderate to maybe low double-digit growth. But still at a very high level.

Aftermarket, I think it will, on a H2 level basis, it will normalize to the same level as we achieved in H1, because the seasonal demand is also coming up. I do not see that moderating too much on the aftermarket side. OEM, in percentage terms, will moderate down in second half.

Vibhav Zutshi: Okay. Got it. Thank you so much. Yes.

Avik Roy: The other question was on margin trajectory. I think I missed out. I think we have said this, that we are clearly at the current lead level, at the current exchange rupee and lead level, we have decided that we will try to remain within our corridor of 12%-12.5%. In some quarters, it will be at lower end of corridor, some quarters it will be at higher end of the corridor. This will remain for the next two quarters, so it will not be impacted.

As you know, in the past also, we have mitigated this input cost through calibrated price increases whenever required. We are only doing it when we are under input cost pressure. We will continue to do that in the current quarter as well as the upcoming quarter as well. So, we are fairly successful in passing through these input pressures.

Vibhav Zutshi: Great. Thank you so much, sir, and happy Diwali to the entire team.

Avik Roy: Thank you, Vibhav.

Moderator: Thank you. A reminder to all the participants, please restrict yourself to two questions. The next question comes from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: Yes. Hi. Good afternoon, sir. My first question is on the core business itself, the lead-acid business. It appears that we are gaining some market share both in the OEM and replacement segment. Is that a correct observation, and what are the reasons that we are able to do that, if I'm correct?

Avik Roy: See, I mean, gaining market share, of course, we get in segment level wherever we are weak. There are some places where we are already market leaders, some segments or some SKUs or some categories, and in some categories where we are weak, both in terms of category as well as in terms of geographies.

For sure, we are gaining market share over there. It is not our sole objective to buy market share. We have not done in the past quarters or past one year. We will not buy market share. Conventional wisdom says that when a market is growing, booming, you do not buy market share. You buy market share when the market is stagnant or declining.

Since the automotive OEM market is growing, and we already had a very high market share, I mean, we are close to 60% in automotive OEM, so we are growing along with the growth of the market. This helps us in two ways. One is that it gives us a favourable mix, because my trade business to OEM business ratio remains robust. Secondly, it also helps me in allocating my capacity to the markets where the margins are higher.

For example, I will not sacrifice my aftermarket volumes just to feed OEM, and then, because the margin, the profit pools are different in two markets. So, we keep this in mind, and we take a very calibrated view when we allocate capacities and when we take pricing decisions. So, one thing is clear, Kapil, we will not buy market share just for the sake of it.

Kapil Singh: Understood, sir. Second question is on the cell business. What we also note is there is constant evolution of technology happening on various parameters like energy density or the fast charging

or cell lifespan. What is the roadmap for us to stay updated with the technology, both on the current technology as well as new chemistries as well?

We had last time also mentioned that there might be some export of raw material restrictions that might come from November in China, and there might be a requirement for export licenses. Have we applied for those licenses? What is the status over there?

Avik Roy: No, no, I think it's not export, it's import. It's not licenses for us, it's for the vendors, for our suppliers, because we are importing raw material.

Kapil Singh: Yes, yes. That's what I mentioned, that…

Avik Roy: As of now…

Kapil Singh: They have to take export license.

Avik Roy: So that's what I'm saying. As of now, on raw material side, no announcements or suspension notices, nothing has come up. We are getting raw material, importing from our global sources. In case of those kind of controls, if it comes in the future, the lead time will increase possibly, the lead time of delivery. In those cases, we will have to keep higher inventory to meet our production demand, which we are already discussing. This is one. I'll ask Pravin to add some more, and then I will come back to the future technology. Pravin, something on this raw material side?

Pravin Saraf: Sure. On raw material, like Avik already mentioned, we are keeping a track, plus the restriction may come on energy densities. Today, we are very clear, and if necessary, the lead time may go on. That's the only point. To safeguard ourselves, we have also done a long-term purchase agreements with the suppliers. This is one which is giving security to us, and second, of course, keeping the inventory for the lead time.

Avik Roy: Regarding future technologies, future energy densities, and chemistry, Kapil, let us learn and master the current technology first. We are the first in this business, and India has to learn. It's not Exide has to learn. India has to first master this advanced chemistry, which is in hand. The licensed products, we must manufacture it consistently, shift- after- shift, month- after- month, quarter- after- quarter.

Let us master this, because still the whole India, I have not seen any kind of excitement around knowledge development on the current ACC technology which is available. Once we master this, we are setting up a pilot line where we are making cion cells and making our own roadmap for future products, and that will go concurrently.

But first, the five products which we have licensed will have to ramp up revenue and reach a point where we utilize our full capacity. On the raw material roadmap, it is still, I would say, two to three years. I have mentioned this before, that 50%-60% of the bill of material should be our target to localize in India in two to three years' time.

But then it depends on a couple of things. It is just not localization for the sake of localization. You have to understand the technical criticality of that component, number one. Secondly, how much cost impact it has on the complete BOM, whether it is a minuscule component, a minuscule contributor, or is a large-scale contributor in the whole BOM cost.

You have to also see the shelf life of the component, that whether importing and stocking technically helps us or it is against us. So we have to prioritize the raw material basis multiple criteria, which we are doing. Pravin is carrying out pilots with a lot of Indian manufacturers now. Maybe, Pravin, one sentence on that, on your localization.

Pravin Saraf: Yes. So we have more than 20+ local suppliers already working with them closely, giving them the inputs. So typically, it starts with material testing, then have the first check on the specifications, like coin cell, and then prototype cell manufacturing. Then you go to performance check, and then the cell validation. So, in few cases, we are already at the stage of performance checking. In few stages, it is at the first stage.

So, important will be all these suppliers at a pilot stage. So they also need to further go on large-scale manufacturing. Yes. This is, we are closely working. Like Avik mentioned, it is a two to three years roadmap. We are closely working with them, as we know that today the supply chain is from outside India, and localization will certainly help us.

Here only request what we are always looking at is for the cost competitiveness of local suppliers is some kind of support from government. There is already, if you are knowing discussion about the PLI scheme, so we are also looking forward that support for the local suppliers.

Kapil Singh: Okay. Thank you so much, sir, and best wishes.

Avik Roy: Thank you.

Moderator: Thank you. The next question comes from the line of Arvind Sharma from Citi. Please go ahead. Mr. Sharma, please go ahead.

Arvind Sharma: Yes. Hi, can you hear me?

Moderator: Yes, you are audible.

Arvind Sharma: Thanks. Good afternoon. Thank you for taking my question. First question, the lithium-ion cell business. You are not naming the OEMs, but since you said some of the smaller OEMs have placed orders, could you shed some more light on the order book, if any?

Avik Roy: Arvind, you have to go by the capacities that we have. We are not sharing order book at this moment, but we have commissioned two lines of NMC. First line is 1.5 GWh, and the second line is also 1.5 GWh. First we will utilize the first line. Once we reach our 1.5 GWh, then we will shift to the second line. At this moment, you have to make your assessment of revenue through our capacity.

Arvind Sharma: Got it, sir. Sir, second, sorry to the OEM part, since you have supplied some samples, for an OEM, what is the price difference between getting a cell from Exide and importing it?

Avik Roy: This is a part of the negotiation. There is no hard and fast rule. There are other strategic advantages of having a local supplier or having a second supplier. There are some price dynamics, cost dynamics on the imported cell also happening in China, duty withdrawal, some additional tariffs.

This is a part of negotiation, and you have to understand, no OEM or no large OEM will spend so much of time and resource on validating our cell unless they have a strategic interest in having a second source and a local source. That is how we are working right now. But frankly speaking, at a very high level, at lithium-ion, I will not segregate NMC and LFP here.

We still have a 5%-10% cost gap with imported Chinese on landed basis, based on the form factor and chemistry. That's a very high-level statement. We still have that gap on a landed basis. But still, there are other strategic benefits which sometimes offset this. Yes.

Arvind Sharma: Sure, sir. Sir, the second question would be on something you highlighted, that you got orders from the Hector Tomahawk and an auxiliary battery maker, and an auxiliary battery supplier in EV and PHEV. Are there any more models where you could-

Avik Roy: Yes, yes. The work is going on, and the typical way the OEM works is that it's not that all new launches will come to us. Some of them, they will also work together with our competitors also. But they select which platforms to go with whom. Fortunately, in these auxiliary batteries, we are the leaders, so we are the preferred choice for most of the OEMs. But even other than auxiliary batteries for SLI batteries, starter batteries also, they select us.

There are so many new launches coming in. They work on different platforms with different OEMs. Here in this case, in the last two quarters, the names I mentioned, we are 100% with them, because that is how they develop the product along with us. So there are many such SKUs in the pipeline of many OEMs.

Arvind Sharma: Got it, sir.

Avik Roy: I mean, even in the previous quarters, we had this kind of 100% share. Tata Sierra, I think, when they relaunched, they worked with us. But this is their standard way of product development.

Arvind Sharma: If you could just share what would be the average…

Moderator: Sorry for interrupting, Mr. Arvind. Please rejoin the queue for more questions.

Arvind Sharma: All right. Thank you.

Moderator: Thank you. The next question comes from the line of Jinesh Gandhi from Oaklane Capital. Please go ahead.

Jinesh Gandhi: Yes. Hi, sir. My question is for BESS cell. So you indicated that we are doing internal testing. So is this on 314 Ah or there is different voltage?

Avik Roy: Yes, yes. I have never said that we are testing BESS cells right now. We have said that in the fourth line, the line four which we have, that is the line where we will make this BESS cell. So, it is 300 + Ah . I am not giving you the exact ampere hour, which is not in public domain. But yes, you are in the ballpark.

What we are developing is slightly higher than that. So this is what we are setting up. The plant is ready. And actually, in this line, we will make multiple products for prismatic. But the demand from other applications are more. BESS at this moment, whatever, unless we see the future of the PLI, we will not declare our BESS roadmap. But we can use that line for other products also if the PLI does not happen.

Having said that, you have to also understand that whatever localization content government has announced for BESS, I think they have said 60%. I am not very sure whether that 60% is at the AC level or DC level, but they have excluded batteries. BESS without batteries, it is like, people are busy drilling and welding freight containers now.

If that is localization, we are not in that game. We will stick to batteries and cells. We have a cell in the pipeline, which we will make on the line four. But we will see the market developing, we will see the PLI shaping up, and then we will go full throttle. But obviously, our other priorities, like three-wheeler, telecom, two-wheeler, this will come before BESS.

Jinesh Gandhi: Got it. This BESS cell is one of those five products?

Avik Roy: Yes.

Jinesh Gandhi: BESS systems?

Avik Roy: Yes, yes. Yes.

Jinesh Gandhi: Got it. When we talk about the PLI incentive—

Moderator: Sorry for interrupting, Mr. Gandhi. Please rejoin the queue for more questions. Thank you. The next question comes from the line of Krupashankar N.J. from Avendus. Please go ahead.

Krupashankar N.J.: Good afternoon, and thank you for the opportunity. My first question is on the lead-acid business. Just wanted to get a sense of what would be the quantum of price hikes which were taken in the second quarter, and what is planned for the third quarter, sir?

Avik Roy: We have taken calibrated price increases, and we were taking since January. It is important that last year, quarter three, after the GST 2.0 was announced, we purposely did not take any price hikes in quarter three because we wanted to pass through the entire benefit to the end consumer. But since the input costs started shooting up from January, we started taking price increases step by step across the segments.

I think between January and October, I would say, because in October also we have taken one round. In January and October, we have taken about more than 10%, I would say. That is the year-on-year effect, about 9%-10%, particularly on the vehicular side. Two-wheeler is lesser than that. Two-wheeler will be about 5%. That is what I think it is about 10%, 9%-10% on four-wheeler and about 5% in two-wheeler.

But we have also taken price hikes in the OEMs, which is outside the lead formula. We were forced to do that. We have taken price hikes in our tubular batteries, our inverter batteries also. So across the segments, I think across use cases, we have taken calibrated price hikes to offset the input cost rise.

Krupashankar N.J.: Yes. Sir, slightly forward-looking question. What do you think will be the inflection point for phase two capex in lithium-ion? And given that the current INR is depreciating, do you see that the cost per incremental gigawatt-hour to be higher than the first 6 GWh we have set up?

Avik Roy: Could be, could be. Because we already see this happening at the tail end of our capex phase one also, because dollar has appreciated by 10%. So the first one year, two year, whatever our capex was, at the tail end of the capex, we found that weak rupee hitting us. So in phase two, we do not know at what level the exchange rate will be. But yes, it can work negatively regarding our capex per kilowatt-hour. Unless the equipment prices go down, basic prices go down.

Krupashankar N.J.: Got it. And the inflection point for phase two, sir?

Avik Roy: Inflection point, I think, as you know, we have bought the land for 12 GWh. We have put up all the utilities, the power substations, the boilers, chillers, everything for 12 GWh. We have everything in the same campus, our giga campus. Our lead time for phase two will be much lower than phase one, because phase one, it started from greenfield. Since the lead time for phase two will be lower, we should be waiting for about, let's say, 80% utilization level. At that point, we should make a decision. This is my personal view.

Krupashankar N.J.: Got it. All right. Thank you. Those are my questions.

Avik Roy: Thank you.

Moderator: Thank you. A reminder to all the participants, please restrict yourself to two questions. The next question comes from the line of Pradip Pandey from Axis Capital. Please go ahead.

Pradip Pandey: Hello, sir. Thank you for taking my question. I had a question on investment. I noted that you have invested about INR500 crores in the new energy solution sub. But your standalone investments are more or less flattish at about INR10,000 crore. Wanted to understand if you have taken any impairment on any of the investments and what would that relate to?

Avik Roy: I will hand over this question to our CFO, Manoj Agarwal, please.

Manoj Kumar Agarwal: If I got your questions correctly, see, two part. One is that your fixed asset, which is our capital asset, has not been reduced per se, both in the core business and anyway we are investing in the new business. If you are talking about investment side, on that part, yes, there is a mark-to-

market loss on HDFC Life in this six months of around INR600 crore. That may be the reason you are talking about the base of the investment, which has changed from X to X minus. This is only mark-to-market.

Pradip Pandey: Okay, sir. Thank you so much. That answers my question.

Manoj Kumar Agarwal: Thank you.

Moderator: Thank you. The next question comes from the line of Amish Thakkar from 2380 Capital. Please go ahead. Mr. Thakkar, please go ahead. Mr. Thakkar, please go ahead.

Amish Thakkar: Hello?

Moderator: Please unmute yourself.

Amish Thakkar: Hello?

Moderator: Sorry, yes, you are audible now.

Amish Thakkar: Yes. I just have a very simple question on the core business, lead-acid battery business. What is the three to five-year guidance on both flat plate technology that goes into automotive and the tubular lead-acid batteries that go into industrial batteries across inverters, e-rickshaws?

Avik Roy: Yes. As you know, IC engines, on the automotive side, the IC engines are here to stay, both from aftermarket side because of the parc, as well as for the new investments which the top three automotive OEMs have announced on the conventional vehicles as well. This will remain flat plate, but this will not remain as a standard flooded battery, starter battery as we have mostly today. Because more and more we see trend on enhanced flooded battery, EFB battery as we call it, as well as the AGM batteries, which is absorbent glass mat. So we have both, we have this portfolio. We are exporting it, we are selling this to our OEMs big time. Even in aftermarket, the EFB sales have picked up big time. So the technology in automotive will shift, I believe, from the standard flat plate flooded battery to EFB and AGM.

Like, it is the same with Europe and U.S.A., everywhere. On the inverter side, tubular, you know, we are the largest tubular battery manufacturer. Tubular does not only go to inverter, it also goes to solar, multiple applications. It is a seasonal business, but the technology will stay like this, because India is the largest tubular manufacturer in the world. Nobody else uses tubular. But in our kinds of use cases, in Indian conditions, where you need both longer life as well as longer backup, I think tubular is more suitable for the market. So this will stay, we still feel. Yes.

Amish Thakkar: I had a follow-up question on that as well. So, we picked up some news from the ground on China that some of the telecom power operators and industrial customers are moving back to tubular lead-acid batteries instead of lithium, given the higher insurance costs which lithiums are rising because of fire hazards that lithium presents. So do you see—

Avik Roy: We have also heard this. But in India, just with about one year, the operators have shifted from AGM batteries to lithium-ion batteries. I think they are still going through the learning curve.

Maybe when they see the life cycle and the abuses. In India, it is virtually, what they did is that they replaced lithium-ion, sorry, they replaced the AGM batteries, VRLA batteries with lithium-ion and removed the backup DG set, and they are draining the battery.

That is the application. Because now they do not put the diesel generator in the BTS towers. Probably they will go through their life experience, and then they will take a call. But whatever rumors you are hearing, I have also heard from certain quarters. I do not know whether it is right or wrong.

But the economics of lithium-ion in telecom tower only holds without the diesel generator. That is what I have been given to understand. If somebody has to put back the diesel generator, then the economics is not as attractive as it is now.

Amish Thakkar: Do you see a similar trend playing out in India where insurance premiums are rising?

Moderator: Sorry for interrupting, Mr. Thakkar. Please rejoin the queue if you have more questions. A reminder to all the participants, please restrict yourself to one question. The next question comes from the line of Viren Deshpande from Alphapeak Investments. Please go ahead.

Viren Deshpande: Hello.

Avik Roy: Yes, please.

Viren Deshpande: Congratulations for the very good results posted in Q1 as well as Q2.

Avik Roy: Thank you.

Viren Deshpande: The new plant which has been commissioned. Actually, I had a question that our property, plant, and equipment in our balance sheet now is around INR8,140 crore, including the capital WIP of INR160 crore. But the depreciation provided in the consolidated results has come down.

Avik Roy: Mm-hmm. Yes, what is your question?

Viren Deshpande: No, my question is that actually after the commissioning of the plant in September end, the depreciation should go up, no?

Avik Roy: It should. The balance sheet items are generally responded by the CFO, so I will hand over to Manoj Agarwal.

Viren Deshpande: Okay. Okay.

Manoj Kumar Agarwal: See, here, two parts we should see. One is that there was depreciation already in our Prantij plant in the books, right? The entire depreciation incremental is not the full value of the capex what we have done. It is only for seven days, number one. Number two, for our core business, depreciation is gone down because of the assets has completed their life. That is the reason. Now, you will going to see in the H2 fully, where you see that depreciation will be higher than the first half of this year.

Viren Deshpande: Yes. Because the INR5,000 crores, almost we have invested some INR5,300 crores in our phase one. So major part has to go to the property machinery, no? Plant and machinery.

Avik Roy: You have to please remember, we announced the commissioning on 23rd of September, when we capitalized these assets. So actually, the full impact you will see in H2.

Viren Deshpande: Okay. That will appear in H2. Yes. And sir, secondly, this…

Moderator: Sorry for interrupting, Mr. Deshpande. We are currently doing one question per participant. Please rejoin the queue for more questions.

Viren Deshpande: Actually, this was just a bookkeeping question. I wanted to know about the second half.

Avik Roy: Sure, that the management decide. Yes, yes. The second half, you are talking about the outlook of the second half?

Viren Deshpande: Yes, yes. Outlook for the margins also.

Avik Roy: Yes, yes. This I think I have answered. You will see in the transcript. I think in the beginning someone asked. We said that we will stay within the margin corridor as we are today.

Viren Deshpande: Okay, good. Okay, thank you and all the best.

Avik Roy: Thank you.

Moderator: Thank you so much. A reminder to all the participants, please restrict yourself to one question. The next question comes from the line of Kevin Gandhi from CapGrow Capital. Please go ahead.

Kevin Gandhi: Yes. Hi, sir. Thanks for taking my question. Just wanted to know the time to optimize this particular, what our plan, and what are the margins expected? I think you had said that towards the 80% utilization, you will actually go for the second phase. So how much time do you think it will take to optimize the first plant, and what are the margins expectation, broad-based range would be helpful?

Avik Roy: No, there is no margin guidance on the lithium-ion side as yet. We do not know what will be the dollar per kilowatt-hour price at that point. So it is dynamic. All I can tell you, I can tell you in gigawatt-hour, in terms of our output in 6 GWh. And we can maximize that output as much as we improve our yield. So this is our plan. I have said this in the past that our plan is we have to make it cash neutral in two to three years' time, which is, I think, a very fair ask by global standards. And we will see beyond that.

Kevin Gandhi: Okay. So, sir, like in two to three years, like being cash neutral, can we expect full utilization of 80% in two to three years?

Avik Roy: Should be. Yes, you are right. It depends upon our operational excellence also.

Kevin Gandhi: Okay. And sir, just another question, just a follow-up question on this. Exide is the first one who actually commercialized the lithium battery process, but there were many large players who are actually starting it. So, where are the other players in this race? Have they started any commercialization?

Avik Roy: I cannot comment on other players. I think you have better insights on competitors, so I will not comment on the plans of what others are doing. Thank you very much. We move to the next question.

Kevin Gandhi: Okay.

Moderator: Thank you. The next question comes from the line of Animesh Jain from Dalal & Broacha. Please go ahead.

Animesh Jain: Hello. Thank you for the opportunity. You have mentioned that holding cell material for longer than normal because of China restriction. So, how much inventory cover will be required to support this ramp-up, and how much additional working capital is required to ramp up this thing?

Avik Roy: No, the working capital, whatever is required, has already been factored in our annual capital allocation budget, which we already declared officially. Our board has approved for that amount already. So in terms of working capital requirement, we are well covered within our approved limit. Regarding the time, I think, Pravin, you can add for till what month you want to hold inventory.

Pravin Saraf: Yes. So, we are looking for three months inventory holding, because of the increase in maybe the because of the restriction, it will take some time.

Animesh Jain: Many of the raw material are imported from China. So the worst switching supplier requires test OEM validation, and how would it affect our timeline?

Avik Roy: No, no. Gentlemen, we have said this many times that these materials are 100% from the approved vendors of our technical partner, SVOLT. We have not ventured out and tried to develop our own low-cost vendors. So all the prototypes, all the samples are being tested through the same raw material vendor-supplied material. Okay? Have I answered your question?

Animesh Jain: No, no. I was asking the test OEM validation if we switch to Indian supplier, so it required again a validation from the OEM.

Avik Roy: Possibly, it will take, obviously. But that is the activity you have to do. You have to localize your supply chain. You can't avoid that. Yes. But that's maybe two to three years from now. First, we have to be satisfied with their performance.

Animesh Jain: Okay. Thank you. That's fine.

Avik Roy: I think we can take one or two more questions. Last question.

Moderator: Thank you so much. The next question comes from the line of Jinesh Gandhi from Oaklane Capital. Please go ahead.

Jinesh Gandhi: Yes. Hi. On the lithium cell side, you indicated that we have already started supplying to small OEMs, and even for the larger OEMs. On the pricing front, would pricing be similar to lead-acid, where it is indexed to underlying commodity or RM basket? Would it be on similar lines, or it would be not linked to the underlying commodity?

Avik Roy: No, so far, I think lithium is also well indexed. So I will hand over to Pravin to answer this to the extent possible, whichever we can say in public domain. Pravin, go ahead.

Pravin Saraf: Yes. So it is exactly, it depends on the indexing mechanism, and also always the reference as in today is the landed price from China.

Jinesh Gandhi: Okay. Lastly, can you talk about capex for FY 2027 and FY 2028?

Avik Roy: No, that we have not yet. We will not be able to tell you now because we have not presented to our board. Of course, we roughly know. But as you know, going forward, it will be mostly for the working capital, land, loss funding, things like that. Not so much for capital equipment. But we will…

Jinesh Gandhi: At a consol level, what should be capex for FY 2027?

Avik Roy: As I said, I mean, for the lead-acid core business, we will still continue to invest about INR400 crore-INR500 crores every year, which is the same as our annual depreciation. So we have to do it for our core business, for protecting the core business. As far as the new advanced chemistry investment is concerned, I think we are just in the process of presenting it to the board. Possibly in the next quarter, we will be able to tell you.

Jinesh Gandhi: Okay, great. Got it. Thanks. Thanks a lot.

Moderator: Thank you, ladies and gentlemen. That was the last question for today. We have reached the end of question and answer session. I now hand the conference over to management for closing comments.

Avik Roy: Thank you, gentlemen. I mean, there were a lot of interesting questions, and I hope I have been able to answer all of them. In case you have further questions or if you would like to know more about the company, please reach out to us, to our investor relations department, and we would be happy to be of assistance. Thank you very much for joining in.

Moderator: Thank you. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your line.

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