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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/I, G Block Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 NSE Symbol: EXIDEIND	-

Sub: Transcript of the Earnings Call of Q2 FY 2025-26

Dear Sir/Madam,

This is in furtherance to our letter dated 17th November 2025 wherein the Company had submitted the link of the audio recording of the Earnings Call held for Q2 FY 25-26 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

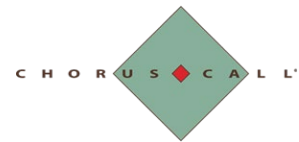
Jitendra Kumar
Company Secretary and
President– Legal & Corporate Affairs
ACS No. 11159

Encl: as above



“Exide Industries Limited
Q2 FY '26 Earnings Conference Call”

November 17, 2025



MANAGEMENT: **MR. AVIK ROY – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – EXIDE INDUSTRIES LIMITED**
MR. MANOJ KUMAR AGARWAL – DIRECTOR FINANCE AND CHIEF FINANCIAL OFFICER – EXIDE INDUSTRIES LIMITED
MR. PRAVIN SARAF – EXECUTIVE DIRECTOR – EXIDE INDUSTRIES LIMITED
MR. JITENDRA KUMAR – PRESIDENT (LEGAL & CORP. AFFAIRS) & COMPANY SECRETARY – EXIDE INDUSTRIES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Exide Industries Q2 FY '26 Earnings Conference Call hosted by Investec. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aditya Jhawar from Investec. Thank you, and over to you, sir.

Aditya Jhawar: Thank you. Good afternoon to you all. From Exide Industries, we have with us MD and CEO, Mr. Avik Roy; Director, Finance and CFO, Mr. Manoj Kumar Agarwal; Pravin Saraf, Executive Director and President and Company Secretary, Mr. Jitendra Kumar. Before we proceed, here is a disclaimer for all.

We have a few statements by the company 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 a brief opening remarks from the management followed by Q&A. I would now like to invite Mr. Avik Roy for opening remarks. Thank you, and over to you, sir.

Avik Roy: Thank you, Aditya. Good afternoon, ladies and gentlemen, and a warm welcome to you to the Exide earnings call. At the outset, let me inform you and welcome Mr. Pravin Saraf and Mr. Rajeev Khandelwal, who were inducted to the Board of Directors as Executive Directors effective 1st of September 2025. Both Pravin and Rajeev bring vast wealth of experience in their respective domain, which will add value to the next level of growth of Exide.

Pravin has been responsible for the entire operations of Exide since last 1 year, and Rajeev looks after the entire B2C trade business of the company since last 1 year. As the moderator informed you, Pravin is also attending this con call. Even before I talk about the key highlights of our performance for H1 of financial year '26, I would like to talk about the positive news for our industry that has happened during the year, which is that of GST 2.0 reform.

Reduction in GST rates for almost all the segments in the auto industry is expected to drive demand for the industry. The GST rate on batteries were reduced from 28% to 18% effective 22nd September and for solar combo packs from 12% to 5%. The company is fully aligned to the government's goal of reducing burden to the end consumer, and we have passed on the entire benefit of GST rate reduction to the end consumer during this period.

Now let me talk about the performance of the company during the first half year. Nearly 88% of our business has grown by about 7%. Within this, aftermarket, automotive, solar and IUPS continue to contribute to the growth.

Industrial Infrastructure business , excluding telecom, performance has also improved on a year-on-year basis as order inflow and order execution picked up in sectors like power, railways, motive power, etc.

Remaining 12% of the business witnessed a decline in revenues, impacted by a weaker demand scenario, majorly in businesses like exports, last mile, which is the e-rickshaw business and our telecom business, and I'll come to that a little later on.

The company started the year on a strong note with Q1 registering about 5% growth, but showed a 2.1% degrowth in Q2, overall resulting in a modest 1.3% growth during H1. Even Q2 started on a strong note with double-digit growth in trade business in July.

However, we suddenly saw a shift in momentum once the GST rate cuts were announced on 15th of August. Our distributors and retailers started destocking and postponed their buying in anticipation of receiving new stocks with updated prices. The company took production cuts in August and September, the second half of August and the full of September with focus on cash management.

Costs were kept in control at the manufacturing side and raw material procurement was kept under check. We did it consciously to cut down our inventory and build only those goods, which could be sold in September. As a result, lower production and lower sales impacted our profitability.

However, it helped us to reduce our inventory to a large extent, and therefore, we generated an incremental cash flow of INR500 crores plus by efficient working capital management. Operating profitability was also impacted due to continuous pressure on input material cost. The company is yet to fully pass on the input material price impact to the market.

We have started in Q1, a big portion was passed on. Remaining we have also started acting on passing on the input cost to the market. However, once the GST rate cut was announced, we decided that we will put a stop to our price correction of the market because that sends a wrong signal to the market, we wanted to pass on the entire benefit to the customer.

Going forward, we will see how much input cost inflation we can absorb. And possibly in the next quarter, we can think -- at least in quarter 4 beginning, we can think whether we can go ahead -- looking at the input cost, we can go ahead with further correction of the prices.

However, the constant focus on cash management helped in reducing inventory, as I mentioned just now, at the end of September. And between March and September, we have increased our cash by INR500 crores plus at the end of H1.

On the operational front, the various operational improvement initiatives on cost excellence and manufacturing technology upgrade that we had taken up and we have been informing to you since last 2 quarters, are showing results.

For example, we have moved a substantial part of our 2-wheeler battery production to Punched Grid Technology. All such initiatives have started delivering results and its full potential will be realized in the coming quarters. Domestic auto replacement demand was robust in H1, and auto OEM demand is expected to see uptick in Q3 as well.

Industrial UPS and solar witnessed decent growth in demand, though there was a decline in Q2 for solar, but with the GST cuts and GST being brought to 5% and with PM Surya Ghar incentives that are in place, we believe there would be a strong rebound in Q3. October is already an indicator and first 15 days of November is also indicating to that kind of outcome.

Home UPS remained soft due to an extended monsoon season until August in this year. And home UPS has a double whammy impact because of the extended monsoon and then the GST rate cut announcement. So 3 businesses, solar, home UPS and industrial UPS, these are aspirational in nature.

So this is where the customers deferred their purchase decisions. Whereas in automotive batteries or 2-wheeler battery aftermarket replacement, we didn't see that impact so much because it's more of a necessity than aspirational.

Tariff uncertainties have heavily impacted the export business for the second consecutive quarter, as you know. We expect the situation to continue in similar trend until geopolitical tensions subside. However, as informed to you in the last call, we were making major active strides to new geographies and new portfolios where our dependence on US and other countries reduce. Those activities are very much in place.

And Q4 onwards, we will report you again, an uptick in the export business because we have found out additional markets, additional portfolios. The trials are over. So from Q4 onwards, we hope that from January onwards, we'll again see a marginal tick -- positive tick on exports and thereby we'll reach a steady state in Q1 of next year.

One more point I would like to highlight in my opening remarks. Despite the tough macroeconomic environment, our performance has shown signs of resilience. Even when production was down, fixed costs were kept under control and raw material procurement was kept under check.

Our balance sheet remains very strong with zero debt and a high cash flow generation. As we enter second half of FY '26, the outlook for the lead acid business remains positive across most business verticals due to expected uptick in auto OEM demand due to GST reduction. We already see the indicators in our data for October.

Just to give you some color, the retail data for October, a typical growth scenario for a passenger vehicle was -- October was 11% against the H1 growth of 4%. And accordingly, the primary production numbers have also increased as published by SIAM recently for October. Except 2-wheeler, I see in all segments in October, the SIAM primary production data has been up.

But good news is in the retail sales for 2-wheelers, the growth has been 52% in October, which means there is a huge destocking in the retail channels, which gives us hope that the primary productions will pick up again in Q3. I believe that Exide with its advanced product portfolio, pan-India distribution network and a strong brand recall will continue to benefit from the growth opportunities.

Moving on to lithium-ion cell manufacturing project. We have invested about INR580 crores in H1 in FY '26 and further INR65 crores, we have already invested in the month of October. With this, the total equity investments made into Exide Energy, which is our 100% subsidiary, till date stands at INR3,947 crores.

Equipment installation and commissioning works in Exide Energy is nearing completion. The company expects to start production towards the end of FY '26. At this moment, we are going through process validation and sample preparation for some of our customers. Nearly 100% of the utility systems are nearing commissioning.

And we are also meanwhile, engaging with various OEMs of 2-wheeler, 3-wheeler, 4-wheeler as well as stationary energy providers across key end customer markets. With this, I close my opening remarks. And ladies and gentlemen, I'm happy to take your questions.

Moderator:

Thank you very much, sir. First question is from the line of Vibhav Zutshi from JP Morgan. Please go ahead.

Vibhav Zutshi:

My first question is on the lithium-ion business. First of all, congrats on making a project of such big scale to near completion. Regarding the product that you have mentioned that will start in November, could you please provide a sense who are going to be the eventual customers?

Because it looks like you are starting at cylindrical and prismatic lines. So, they have other OEMs approached us? Have we finalized any of that? And secondly, you know, given that we are close to commissioning, any sense how the margins can look like, maybe not now, but say, a year down the line? Thank you.

Avik Roy:

So there are 2 questions. The first one is on the readiness of our lines. So as we mentioned earlier also Vibhav, that we will be starting with our first line, which is basically for 2-wheeler application. This is the NCM line, with cylindrical cells, which we will be commissioning first. And we are talking to large OEMs for the offtake already.

This will be for 2-wheeler OEMs, I would not like to name them at this point. So they are going to be the first customers of us. So we are preparing samples for them. We are first validating our process. The process is under stabilization.

It's a very, very complicated process of electrode making and then formation. So that process is ongoing. And after that, we will give them the samples for their own validation. And mostly these two good OEMs for 2-wheeler will be our first customer. We are hopeful. So that's the first line.

The second line that will possibly come online is the prismatic line with LFP. The installation commissioning of that line is almost over. So we will very shortly start our process validation and then same process of homologation. That product is generally targeted towards stationary applications at this moment. We have some customer engagement and we have some customer interest to go with us. And these are the first two lines.

And then coming back to the Line 2 and Line 4, obviously, as Line 1 gets fully utilized, we will shift load to Line 2 also. So that is the plan. That is the sequence we will be following. Regarding the margins, I have been telling you that it's not the right time to talk about margins. What we are focused on is utilization. We want to ramp up the utilization to 60%, 70%, 80%.

And then at 80% or 90% utilization level, we'll definitely do our mathematics one more time. But if you look at global benchmarks, that's the only benchmark available. In India, we do not have an industry benchmark on this. But if you look at global benchmark, I think on a steady-state level, the margins will still be similar to our current lead acid margins. That's our aim.

Vibhav Zutshi:

Okay. Got it. So just a follow-up, when you say that two big 2-wheeler OEMs could be the first customer. So given that with Hyundai, we have a binding MOU now, so are we kind of in that similar process with the 2-wheeler OEMs as well? Or that is something which is going to come next once the sampling work is done?

Avik Roy:

So, no. I mean that I will not be able to tell you, but even the Hyundai agreement, if you recall, it was not us who made it public, it was Hyundai who made it. Otherwise, I'm not in favour of making this information public because we signed nondisclosure agreement. And then next day, we go for a press release.

Somehow, we didn't want to come to the public domain because a lot of activities happen in parallel. It's not just a purchase order comes and you start supplying from next day. It's a co-development with OEMs, if you are on a particular platform, you're co-developing a product for a substantial amount of time. And they don't co-develop with 10 other manufacturers. So it's not possible. So if that answers your question.

Vibhav Zutshi:

No, that is very helpful. Thank you. The second question is on the core business. Just curious on why such a sharp production cut was carried out. And obviously, because your peer posted a decent 8% top line growth. So when you say that consciously this was cut, is it demand which is just deferred?

And are we confident that 3Q could be strong? Because just asking, sir, because now it's been 6 -- 5 to 6 quarters of low single-digit growth for the overall company. So just wanted to get a sense on if you see that now we can go back to double-digit growth going forward.

Avik Roy:

Let me not comment on the competitors. But we have some businesses where we were very strong, where we had competitive advantage in terms of portfolio and market. Those businesses in this quarter did not grow. For example, inverter batteries and solar. They were heavily impacted both by extended monsoon as well as the announcement of GST 2.0.

Some other competitors have less dependence on this business portfolio. Automotive business, as you know, that we have grown very strongly. In 4-wheeler, 2-wheeler, both put together, we grew by almost double-digit, very high single-digit in this quarter, which I believe was higher than what competitors reported.

So it is a mix that in some quarters work in favor of us. And in some quarter, it does not favor us. And in this case, the biggest businesses which were impacted, which is almost 1/3 of our business is the solar business and the inverter.

Just to give you a sense, Vibhav, in Q1, one number I can share with you. In Q1, solar was the highest growing. If you look at my public disclosures, solar business grew by 35%. And in Q2 suddenly went to minus 5%. Now the market has not crashed, right? Neither our position in the market has crashed.

So from 35% in Q1 to minus 5% in Q2, you can imagine that this is a onetime hit which we had to take because of the circumstances. And I'm very confident that in Q3, all these pent-up demands or the deferred purchase decisions will come back and we will bounce back because the demand is there. That shows up in my Q1 performance. This is just an example of how the mix played a role.

Moderator: Thank you. Next question is from the line of Kapil Singh from Nomura. Please go ahead.

Kapil Singh: My question is on the lithium-ion business. Just wanted to understand how are you approaching pricing of the cells? Will it be at import parity? Or will it be cost plus? And the second thing is, when you talked about margins being in line with lead acid business, we know there is a wide variation between aftermarket and OEM. So is it in line with the OEM margins or with the aftermarket? Or should we look at the average?

Avik Roy: Thank you, Kapil. The first question is on pricing of the cells. pricing of the cells, obviously, will be a mix of both, depending on how we end up into negotiation with the customers. Of course, we expect that the customer to give value to "Make in India" cells over import Chinese cells. right?

We also hope that the government will structure the imports in a way that it promotes local manufacturing of cells as well because people have put up such heavy investments. So I think it's a mix of both. With geopolitics setting in and a lot of uncertainties in supplies, I'm sure the OEMs will prefer locally made cells.

You know very well that generally, the OEMs work on just-in-time inventory. And with Chinese imports, you have to have minimum 2 to 3 months of inventory in your stock, which has its own risk of price volatility as well as storage and quality issues.

Secondly, I would also like to assume that with the "Make in India" cell, the handling of quality, technology development, quality improvement, will become much more easier vis-a-vis dealing with an import vendor, say a Chinese vendor and dealing with quality issues, we have ourselves seen how complicated it is and how difficult it is.

So for ease of doing business, I'm sure we'll get a value from the OEMs as a local source. Now what will be the pricing? It's a matter of negotiation. In some cases, import landed or some cases, cost plus, we'll have to come to an agreement. But so far, whatever traction we have seen in the 2-wheeler market, at least, we see a huge interest for the local OEMs. They are doing very well and they want to shift to local cell whenever we are ready for supply.

The second question is on margins in lead acid business . I mean, one thing you have to understand that this business is largely OEM, B2B business. This is not an aftermarket business. So somewhere between -- and just to inform you, even OEM business for us, the margins are also improving.

I will let you know because we are also taking price corrections from the OEMs. So it will be somewhere in between the lead acid OEM and the aftermarket lead acid, I would say. So this is our internal calculation. We'll see as it comes.

The trick lies in operational efficiency and sourcing. Once we ramp up and fortunately, we have good collaboration with our principal partner, SVOLT, we have been able to access raw material at scale from reliable suppliers. So that's one lever.

And the second lever, which is most important, and that is basically operational efficiency. The faster you improve your yield and reduce your wastages, that is a clear lever for improving your profitability. This is one advantage I would like to say we will get as an early mover .

At least we have 18 to 24 months of additional learning curve to improve our yield and reduce our wastages. We are heavily banking on this, because this will give us immense competitive advantage in the market. Thank you, Kapil.

Kapil Singh:

And sir, the other question was on lead acid. Can you just talk about what is your expectation of the replacement market growth? And we are seeing some more inflation in lead. So can we expect in the near-term because you've not done a price hike, there can be more margin pressures?

Avik Roy:

No. We have taken price hike this year a number of times. We only stopped after 22nd of September or 1st of September after the GST announcement was made. Before that, we have taken multiple rounds of price hike, which we wanted to pass on. In the replacement market, Kapil, our growth for subsequent two quarters were all strong double-digit. In 4-wheeler, we are still double-digit. This must be news to you.

But as I see the numbers in front of me, both 4-wheeler and 2-wheeler at around 10% to 11% in Q2. And on a half year level, I would say it's 12% and 11%. So you see the aftermarket replacement growth is quite strong.

What was not growing in H1 was the automotive OEM market, as you know. But now – as I have just mentioned, the October numbers of OEMs. We feel H2, the OEM growth will be good, and I would say, robust. And therefore, this gives me confidence that 2 years down the line, my aftermarket demand will also boom.

With this GST card, whatever new vehicles are being sold, I'm sure this is giving a new life. Last time we got it during post-COVID period, if you recall. And now this GST would lead us to an aftermarket boom 2 years down the line. We are quite hopeful about it.

Moderator: Thank you. Next question is from the line of Sangeeta Purushottam from Cogito. Please go ahead.

Sangeeta Purushottam: Can you hear me?

Avik Roy: Yes, please Sangeeta.

Sangeeta Purushottam: What I wanted to understand was that, you know, in the lead -- in the lithium-ion business, is the replacement cycle of the batteries going to be longer than what we find in the lead acid battery? And therefore, in a sense, would the lifetime sales over the ownership period of a vehicle be lower than what we have in the lead acid battery? That's question one.

The second, I wanted to understand was that given the automation process improvements, etc., that we are undertaking, is there a chance that our core margins on the lead acid batteries are likely to see any significant improvement going forward? And also with improvement in the sales outlook, is there any operating leverage which can come into play?

Avik Roy: Thank you, Sangeeta. I think both the questions are very valid. So as I mentioned, lithium-ion business, primarily in EV, it's a B2B business, OEM business. For the simple reason, the life of the battery is more than the life of the car in general, at least the first life, I'm saying. So this is -- I'm talking about passenger vehicles and all other commercial vehicles.

But it has an aftermarket opportunity in 2-wheelers and 3-wheelers because of the applications because those are used for a lot of commercial purposes within the city shuttling. They run much more and there is an opportunity for aftermarket as we see in 2-wheeler and 3-wheeler.

But in terms of passenger vehicle and commercial vehicles, I would rather say that it's the OEM business. But the size of the battery is also not like lead acid. In lead acid, a battery is used only for starting and lighting and ignition. Whereas in lithium-ion, it's the entire engine, right? It's the entire engine of the car.

So therefore, the size of the market is also so big. Car-to-battery ratio completely changes in electric vehicles. So, the market itself is going to unit piece market rate is going to be very high. And we also feel that this is so nascent in India, and the baseline is so low. Every OEM is coming out with -- you'll be happy to note that in the last 12 months, almost 10 new models have been announced by the Indian OEMs. So, these are the things.

This is not the speed at which maybe lead ICE engines models will be announced in the future. So that throws up a huge opportunity for us in the OEM segment. So that the aftermarket cycle is far, far bigger than lithium and lead acid because of the nature of the technology.

On the core business margin, the question you asked, you are absolutely right. And we have been running these projects for the last 1 year on various automation and the kind of productivity we are seeing in the motorcycle, in commercial vehicles, wherever we have invested.

I think we have gone public by announcing -- I think it's still there in the annual report as well that we have invested half of our motorcycle capacity to Punched Grid and the balance half is being invested this year, which means by end of December calendar year, our full motorcycle manufacturing will move to Punched Grid technology.

This has multiple leverages on cost side, material cost, labor cost as well as quality. So similarly, we have invested into continuous casting. This is another manufacturing technology where we are using our 4-wheeler batteries, which also gives us -- apart from giving savings, giving us huge confidence in the quality of the output and thereby will impact our future warranty returns.

So we have invested and this year also, we are investing as we speak. There are multiple automation initiatives, which Pravin Saraf, our new Executive Director, who is sitting with me, is running. He has come from a completely different environment. He worked with Bosch, and he brings his knowledge to the table for us.

And we are taking his help in changing the manufacturing landscape of Exide, Some of this gives us operating leverage, of course. Competitiveness gives us the leverage and some of it will also help us to improve our margins.

Moderator: Thank you. Next question is from the line of Kapil Singh from Nomura. Please go ahead.

Avik Roy: I think Kapil just now answered -- asked the question.

Kapil Singh: Yes, sir. Actually, I came back in the queue. Just wanted to understand the solar business better. Last time you had talked about a pretty big potential over there because of the regulations which were coming in. If you can give us an update how the outlook is progressing for that business. And in terms of technology, will this be lithium-ion only or lead acid also has applications over here?

Avik Roy: So first is, let me tell you about the market environment, Kapil. There are two types of solar. One is which is residential and commercial, which we see on rooftops. And the other one is grid scale solar, which is put up by large utilities and power transmission companies. Now, their drivers are different.

The driver for grid scale solar plant by power utilities is a function of the renewable target that government has taken around 600 gigawatt by 2030. So, that is the driver for that. And there are a lot of outlets that are taking place. On the commercial and residential part, where we are more aggressively involved because that's our domain.

It's basically the PM Surya Ghar Yojana, which was announced 12 months back or 12 -- 14 months back, I think during last year's Independence Day speech, -- the government has decided

to electrify some 1 crore villages in the country through some subsidies. And -- they will also get the subsidy provided a part of the content are manufactured or sourced locally in India.

So this all put together, our solar business has really ramped up. They have also ramped up to the opportunity. We have put in a separate vertical in place last year with the new team. And the good part is that we have our existing channel network of batteries. So our reach in the country is phenomenal.

So very quickly, we could also reach out to the potential adjacent markets of solar rooftop as well as other solar applications, which is deregulated in the commercial, industrial space as well as in the residential space. This franchise has reached -- I think last year, they reached about INR800 crores very quickly.

And this year, they have plans to cross INR1,000 crores. So we are really looking forward that 2 to 3 years' time, we want to make this franchise about INR1,500 crores so -- and cash in on the opportunity that the country is providing.

On top of that, the third lever is, as you must have seen, this month, government has reduced the GST for solar combo packs, means solar battery plus panel plus inverter, these combo packs from 12% to 5%. So on one hand, you have PM Surya Ghar.

On the other hand, you have our channel network to reach out and the portfolio that we have. And -- lastly, you have the support from the GST. So, all this put together gives us a feeling that we'll be able to scale up this solar business very quickly to our aspiration levels.

Kapil Singh:

Sir, just in terms of technology, this will be lithium-ion or lead acid also has some application here?

Avik Roy:

This is the second question. Sorry, I missed out. See, the main purpose or main strength of lithium-ion batteries, is lower footprint because of high energy density and fast charging. For us, end consumer, these are the two values, fast charging and higher current density, therefore, lower footprint.

For solar installation, unfortunately, footprint is for battery is not so much of an issue because footprint is decided by solar panels, not by batteries. You see what I mean? And also, since it's a backup power application, the fast charging is not as relevant as possibly EV. So the two values or the two real value that lithium-ion brings on the table are not so relevant.

Does it mean in future, there won't be products for solar? Of course, somebody can come out with a fancy solar product. But at this moment, the use case does not demand the lithium-ion. So we see, particularly in rural, we see that people are quite comfortable with lead acid and the solar panel and inverter. And yes, I mean, the business is growing .

Kapil Singh:

Okay, great. Thank you so much.

Avik Roy:

At the same time, on the lithium-ion side portfolio development also, we are not exactly focusing on solar as a priority because we know that it will take time, if at all.

- Moderator:** Thank you. Next question is from the line of Aditya Jhawar from Investec. Please go ahead.
- Aditya Jhawar:** Sir, on our base business profitability, historically, we have had a margin of about 13.5%, 14% consistently. But now the margin trajectory has come off quite a bit. Now looking at the projects that we are executing, like the segregating the company into B2B, B2C, the tech upgrade, cost savings, by when should we expect that the margin trajectory should go back to the earlier levels? If you can talk specifically on the margin drivers that you are seeing in the near future?
- Avik Roy:** So thank you, Aditya. I mean I would recommend that you do not consider this Q2 margins as a reference margin because in Q1 itself, if you go back, we have done 12% plus, that too in a very high lead environment. What you refer to 13.5% to 14.5% in the past, you will recall that time, the lead LME was far, at least 20% to 30% lower than what it is today.
- Today, lead is hovering at a very, very high level. The forex was those days, INR80. Today, it is INR90. If you look at those delta. So even in this delta, why we are still surviving and we are able to deliver double-digit EBITDA is only because of our cost efficiency, cost excellence projects and our manufacturing technology and those kind of investments which we made.
- Going forward, we still feel that in coming quarters, though we do not give a guidance, but I feel we will be substantially able to demonstrate our margins, plus 12% to plus 13%. That's the corridor what we are looking at. We have a track record of doing it. We only hope lead remains at the current level, and we should be able to do it once the volume -- once the top line growth comes back.
- Aditya Jhawar:** Yes. Sure, sir. The next question is on the lithium-ion business. So with the recent restriction imposed by China on the export of rare earth magnets, equipment for lithium-ion as well as lithium-ion, are we seeing some challenges in commercialization of our lithium-ion cell facility, sir?
- Avik Roy:** Sir, as many of you know, the announcement, the notification was on 3 areas. One is technology know-how. The other one was equipment machinery, manufacturing machineries and third one was on raw material. Now regarding the first two, as you know, we are already with all the machineries and we have already received the know-how. We are lucky.
- On the third, raw material, as you know, they have already announced, , they have relaxed -- delayed the import restriction by 1 year, to November '26. So until November '26, we should not worry. And after November '26, even the whole world doesn't know how the world will look like in terms of volatility and geopolitics.
- So there is a reason why they put up in 9th August, they announced this restriction. And in 1 month's time, they withdraw it or 2 months' time, they withdraw and delayed it by 1 year time. So it has to do with geopolitics. This is our belief. So we have spoken to all our material suppliers. They are not expecting any impact so far.
- In fact, they are also thinking there will be off and on restrictions. Restriction, by the way, it means additional approvals. It does not mean stoppage. It means additional approvals somebody

has to go through. So we have spoken to all our raw material suppliers, and they feel that it's possible to do business by taking these approvals in advance.

And -- in any case, they are waiting until November '26, which is another 12 months from now. But we are lucky, Aditya, that we got all our equipment and all our know-how before all the geopolitics started.

Moderator: Thank you. Next question is from the line of Raghunandhan NL from Nuvama Research. Please go ahead. Mr. Raghunandhan, your line is unmuted. Please go ahead with your question.

Raghunandhan NL: Sir, we have been hearing of costs relating to EPR or extended producer responsibility. Can you indicate whether any such costs were factored in Q2 results? Your other expenses seem to be higher compared to normal levels?

Avik Roy: Yes. A good observation, Raghunandhan. You know, we had to comply with the new battery waste management regulations, which was not there last year or the year before last. And yes, we had made accruals to fulfill the obligations in quarter 2. You're right. But I would not like to give you a number at this moment because this does not require disclosures. But you are right, we have made some accruals in Q2.

Raghunandhan NL: I understand, sir. But would it be like more of a onetime provision and on a regular basis, the cost required will be much lower? And by when would you comply with the provision?

Avik Roy: You can't say onetime because now this is the order of the day. What we have done is that we have regularized whatever backlog was there. But going forward, this is becoming a cost for us, regular cost. And the only solution for this because we -- why are we doing this? We are doing this or the government is doing this to encourage circularity in the system for the environment, for the benefit of the society.

So we firmly believe that at some point of time, we should be able to pass on this increase to the product and customers who are buying a 100% recycled product from a customer -- from a manufacturer should be able to give that X percentage premium once we market it as a 100% recycled. This has happened with other commodities, as you know, this has happened across the world. And at some point, we feel that this cost has to be factored in the product price.

Raghunandhan NL: Thank you for that, sir. And on the lithium side, so can you indicate for the first year, would you be able to achieve utilization ramp-up of 30%? Or can it be much higher if you get enough orders? And over the next 1 year, would you further take up your investments to INR5,000-odd crores, which was the initially planned Phase 1 of the investment?

Avik Roy: Yes. So two questions. First is utilization. You are right. As I said, the first objective is to commission Line 1 out of 4 lines. So roughly, you can say it will be 25% utilization. And going forward, if I do at least a portion of Line 3 in the same fiscal year, then it will be more than that. So it's close to the number which you mentioned. So that will be good enough in terms of polishing our hands.

Because we'll have -- the biggest learning curve that we are having is that we have multiple chemistries and multiple form factors. So we need to polish our hands in both the technologies. So Line 1 and Line 3 running helps us to do that. And yes, that will be roughly the utilization that you said. The second question was...

Management: Will we reach INR5,000 crores?

Avik Roy: So this is the second phase investment. Now we will just complete first round Phase 1 of 6 gigawatt hours. We have been the pioneer. We have been the first mover. We'll see how the market adoption takes place. The land which we have purchased, we have purchased for 12-gigawatt hour.

The utilities, what we have invested is for 12 gigawatt hours. Only the shed and machine we have installed for 6-gigawatt hour. So we can very quickly ramp up at much lesser cost, means the Phase 2 investment will not be same as Phase 1 investment. It will be much lesser.

But we should be able to do it once we see a faster adoption in the country, which we are hopeful with stationary requirement in BESS coming up so fast, I feel that in a year or 2, we'll have a much better visibility of the adoption, and we'll take a call after that. But till such time, our focus is to run this 6-gigawatt hour plant efficiently.

Moderator: Thank you. Next question is from the line of Ashish Jain from Macquarie. Please go ahead.

Ashish Jain: Sir, my first question is on the PM Surya Ghar Yojana. Is the battery being installed by rural? Because my understanding was that battery is optional from...

Avik Roy: You're right. You're right. I did not mention battery. Battery is used for off-grid systems. For on-grid systems, it's panel and inverter. We are not only selling batteries. Our combination also includes pure-play solar panels and inverter installation in on-grid systems. So we are working both in on-grid systems and off-grid systems.

Ashish Jain: No, no, sir. So, my question was like -- so do we see battery installations as a big opportunity at least on the residence side driven by...

Avik Roy: Yes, yes. Because there's a huge off-grid market, and there, the GST has been brought down to 5%.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for the day. I would now like to hand the conference over to the management for the closing comments.

Avik Roy: So thank you, ladies and gentlemen. It was really a pleasure to have this conversation with all of you. I hope we have been able to answer all your questions satisfactorily. If you have any further questions or if you would like to know more about the company, we would be happy to be of assistance. Please get in touch with us or with Investec as you please. Over to the moderator.

Moderator: Thank you, sir. On behalf of Investec, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.