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

Sub: Transcript of the Earnings Call of Q3 FY 2025-26

Dear Sir/Madam,

This is in furtherance to our letter dated 03rd February 2026 wherein the Company had submitted the link of the audio recording of the Earnings Call held for Q3 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
Q3 FY26 Earnings Conference Call”

February 03, 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
MR. JITENDRA KUMAR – PRESIDENT OF LEGAL AND CORPORATE AFFAIRS AND COMPANY SECRETARY – EXIDE INDUSTRIES LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Exide Industries Q3 FY '26 Earnings Conference Call hosted by Investec Capital Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

Aditya Jhavar: Yes. 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; Mr. Pravin Saraf, MD and CEO of Exide Energy Solutions; President of Legal and Corporate Affairs and Company Secretary, Mr. Jitendra Kumar. 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 details. We will start the call with a brief opening remark from the management, followed by Q&A session. I would now like to invite Mr. Avik Roy for the opening remarks. Thank you and over to you, sir.

Avik Roy: Good afternoon, Ladies and Gentlemen, and a warm welcome to you all to the Exide earnings call. At the outset, let me congratulate Mr. Pravin Saraf who has been appointed as MD & CEO of Exide Energy Solutions Limited, the wholly owned subsidiary company of Exide. You are already aware of Pravin's credentials and expertise, which is there in public domain.

Before I take you through the key highlights of our performance for Q3 and 9M FY 2026, I would like to reiterate the positive news for our industry – the GST 2.0 reforms towards the end of Q2. Reduction in GST rates drove demand across multiple segments of the Company in Q3. The Company remained fully aligned to the Government's goal of reducing burden to the end-consumer.

Therefore, in Q3 despite commodity prices heating up, we decided not to take price correction for the end consumer's benefit. The overall macroeconomic scenario in Q3 was positive, driven by low inflation rate, low repo rates etc., all contributing to increased purchasing power of the end customer.

Coming to the performance of the company during Q3, nearly 92% of the business has grown by around 12% on the top line. Within this, Auto OEM, Auto Aftermarket, Industrial Infra and the Inverters continue to contribute to good growth. Industrial Infra performance improved year-on-year basis as order flow and execution picked up in B2B sectors like Railways, Traction and Industrial UPS for OEMs.

The headline growth numbers still remain muted because 8% of the remaining businesses had a strong decline, namely our telecom business as well as the exports business. This led to a total of around 5% year-on-year sales growth during the quarter. And this was the first ever Q3, which is supposed to be our smallest quarter, where we crossed our top line of INR4,000 crores. Our domestic growth ex telecom is at 10%.

In Q3, the company ramped up production, leading to higher capacity utilization and positive impact on the bottom line from Q2 levels. Cost pressures continued due to increase in raw material prices, especially the metals we use for our alloys, silver, tin, copper and sulfur for sulfuric acid. They were at near their all-time highs. Weakening of rupee against dollar added further pressure to the input costs.

However, all our cost excellence projects helped improve the gross margin by 175 basis points on a sequential quarter basis. Despite this, the company was able to maintain the year-on-year EBITDA margin at 11.7% for Q3, buoyed by strong volume growth, improved product mix, better realization and benefits accruing from the various cost excellence projects.

All the above efforts have resulted in expanding the EBITDA margin on a sequential quarter basis by 220 basis points. Our adjusted pretax profits, if I take out the onetime impact of both last year's quarter 3 and this year's quarter 3 is at plus 12.8%.

Auto OEM and Domestic 2W/4W replacement demand was robust - both these verticals hit their highest ever quarterly revenue in Q3. Auto OEM was up +25% YoY, while 2W/4W replacement market continued its double-digit growth. This momentum is expected to spill over into Q4 as well.

Home inverters and Solar verticals returned to growth trajectory after the extended monsoon and the GST-led slowdown in Q2. Industrial Infra continued to deliver double-digit growth on a year-on-year basis. Tariff uncertainties and geopolitical tensions continue to impact the exports business and is still a work in progress. We expect the situation to continue in similar trend in Q4. Given the announcements which we heard last night, it only gives us more hope that those markets, where we were struggling due to tariff barriers, will open up.

As we enter the last quarter of FY '26, the outlook for the lead acid business remains positive across most business verticals due to uptick in automotive OEM demand, growing aftermarket demand, drive for solar energy and rising power backup demand from customers.

Some of you may have noticed, this quarter, we have just launched AGM batteries for premium passenger vehicles. We'll soon be announcing launch of our Ultra and PowerBox range of inverter batteries, catering to premium and economy segments as well as well as Solar Grid-Tie Inverters.

In addition, we have also supported Tata Sierra Petrol model and the new domestic Kia Seltos model as 100% supplier to these 2 SKUs of our customers. I'm told both both these models are doing very well in the market. I believe that Exide, with its advanced product portfolio, pan-

India distribution network and strong brand recall will continue to benefit from growth opportunities.

Moving on to the lithium-ion cell manufacturing project. We have invested about INR320 crores in Q3 and further INR50 crores in January. With this, the total equity investment made in Exide Energy till date stands at INR4,252 crores. Product validation from the cylindrical cell line is ongoing, which is meant for 2-wheelers, while installation and commissioning is nearing completion in the other lines. Meanwhile, the company continues to engage with various OEMs for 2-wheeler, 3-wheeler and 4-wheeler and stationary energy providers across key end markets.

With this, I close my opening remarks. I'll be happy to take your questions now. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Siddhartha from Nomura. Please go ahead.

Siddhartha: Sir, first question is on the industrial side of the business. If you can sort of give some more breakup about what percentage of our total revenues will be coming from telecom, solar, and also on the export side, given that some of these segments have faced challenges? And by when do you think we sort of see the weakness bottoming out and probably growth coming back? And second, on the export side also, again, I think you highlighted that we also faced some tariff-linked challenges. Which are these countries where you are sort of facing the challenge and how big they are in our exports?

Avik Roy: So thank you for the question. So to answer the first question, see, today, as we speak, telecom and exports, these contribute to about 7% to 8% of our turnover. It used to be very high. Once upon a time, telecom used to be alone 10% when there was a boom of 5G rollout and things like that. But now the technology has shifted to lithium-ion and therefore, the lead acid volumes in telecom have come down as a share of business. So this is a business which is declining because there is a technology shift.

Exports, right now is about 5% to 6% of our total business. It used to be 8% a few quarters back. And this is basically due to some of the markets, we just simply had to reduce our supplies because of all this geopolitical tension. We know some of our Central Asian markets, were impacted because of the geopolitics. And we developed certain products, some premium products for the developed markets like U.S. and Europe, which didn't pick up because of the tariff barriers. But with the announcements what we heard yesterday, we know that, yes, our customers, our distributors are ready. Our product is ready. We can very soon ramp up those supplies once we see the final details of the new tariff announcements.

You wanted to know how much is the industrial part of the business?

I can tell you in quarter 3, the industrial UPS business has grown by about 13%, both trade and OEM put together. Solar has also grown single digit, but solar had a negative growth in quarter 2. So they have at least come back, I can see. On a 9-month basis, solar is still at 12%. Railways and Motive Power, they are doing extremely well. They have both grown double digit.

So Infra business, if I take telecom away, is still at double-digit growth. And regarding exports, as I said, a few quarters back last year, we developed and homologated a lot of new premium products for Western market for both Europe and U.S., but the sales did not pick up immediately because of the uncertainties. But now it has bottomed out, I would like to feel so, because we have also found out new partners and new geographies in the meantime. And actually, this tariff-led disruption helped us to find out new countries and new partners, new distributors in other parts. And in Europe, we found out a new partner with whom we have an exclusive arrangement, which we might make public very soon.

And in U.S., also with this announcement of yesterday, I think this is a great boost for us, and this makes the team energetic because the products were just waiting to be exported. We'll find out a way to increase the exports. Next year's budget of exports looks quite robust, particularly because of the low base of this year. And there will be substantial incremental growth coming from exports. Thank you.

Siddhartha:

Got it, sir. Two follow-ups, solar contribution of the revenues also, if you can highlight? And second is on the commodity side. I think last few quarters, we continuously have been seeing a consistent increase in commodity costs, which is why we have been operating at a sort of lower gross margin?

So currently, if you can elaborate a bit more how and what percentage of costs are yet to get passed on? And if we have taken any price hike till date in the current quarter? And if you can also highlight for next year, what is the margin range you are targeting to achieve, given the cost pressure we are seeing in the near term?

Avik Roy:

Thank you. So solar at this moment is 4% to 5% of our total revenue. So that's to answer your first question. Secondly, regarding commodity prices, in last previous couple of quarters, we have talked about antimony shooting through the roof and antimony alloy, which we largely use in our tubular batteries, they went from \$11,000 to \$66,000 a ton.

That has softened up in Q3. That has come down to about, let's say, \$35,000 - \$33,000 as we speak. But still year-on-year, it is 3x, right? Say, it is no longer 6x, but 3x. So on a Q-on-Q, this has come down. But as luck would have it, tin has gone up, I'm saying sequential quarter. Silver has gone up by 50%. You all know this. And January is even higher than Q3, except for the recent fall what you saw in a couple of days. Tin has moved plus 12%, sulfur has moved plus 40%, and copper has moved plus 13%. So these are the essential commodities, which we use for our battery manufacturing for alloys as well as for making sulfuric acid. They got a big hit in Q3. And that has been further weakened by the about 6%, 7% increase sequentially on rupee versus USD.

So the cost savings, they came in very handy. And that's why on a sequential basis, you see an improvement of the gross margin by 175 basis points. We have not taken any price correction in Q3, as I mentioned in my opening remarks, particularly because we wanted to pass on the entire benefit of the GST reduction to the end customer.

So we had to absorb a bit of it. Some of the increases, we offset it through the cost savings initiatives. But in January, we have taken one round of price correction, we had to take because otherwise, this currency and these commodities were killing us. So we took it in January, and we hope to take stage by stage as the situation develops, we'll see what next to do.

But yes, to answer your question, we have taken a price correction in January because of this commodity other than lead, which is so essential for our battery manufacturing. So yes, I hope I've answered all your questions. Next year's margin, we would not like to give you a guidance. But during the course of conversation, probably you can make out where we stand today in terms of EBITDA margin and what is our profit pool. Possibly, we can improve by another 100, 150 basis points next year from where we stand today. That is clearly visible, provided we get some support from LME.

Moderator: The next question is from the line of Vinay Singh from Morgan Stanley.

Vinay Singh: First question is, in the presentation, we talk about industrial infrastructure, railway opportunity, data center opportunity. So two questions linked to that. One is that, are we supplying to any of these segments today? Could you give percentage of revenue share, if so, we are doing? Like even for industrial, you've given us the growth, but we don't get a sense on what is percentage growth. If you could comment on that?

Second is that, like in telecom, we see that the industry moved away to lithium and that was in a way a disruption to our business. Is there a risk in these segments also that they later move to lithium? So to an extent, the opportunity doesn't come to us or are lithium facilities you are gearing up for supply to these segments also?

Avik Roy: Okay. Thank you. So industrial business, which is the non-automotive business, comprises to about 30% of the revenue, between, let's say, 30% to 32%. And it used to be 32%, maybe 2 years back. Now with this telecom declining, this is about 30% of the whole business. Now as I said in the opening remarks, other than telecom, we see an uptick in the government spend. We saw it till H1, and we saw it some in Q3 as well.

Our B2B industrial business generally comes at the late cycle of the capex cycle. So what we are doing right now is basically the end of the previous capex cycle of the infra spend. And therefore, we see a strong uptick in railways, industrial UPS, led by data center and also on the forklift equipment, the motive power equipment and of course, industrial UPS for the typical OEM business.

Now, the drivers are different. Railways, as you know, they have now made a policy that they do not wait until the end of life of a battery for replacement. They have made a strict cadence that once it comes to the main workshop for overhauling, whether irrespective of the life of the battery, they change the battery because it's such a critical equipment for their vehicle -- for the train. So this replacement or overhauling regime has led to increase in tendering activity in railways.

Motive power clearly is a driver of industrial investment as well as e-commerce. This new e-commerce and quick commerce businesses are throwing up a lot of third-party warehouses where you need material handling equipment. And therefore, we are benefiting out of it.

Data centers, you know, I mean, it's written every day in the newspaper, data center is a key component of increase of industrial UPS business. Is it all lead acid? No. There are segments of data centers where it is served through lithium ion. There will be segments of data centers, particularly in the enterprise data centers, where there will be lead acid.

So it's a mix of both. So we are getting good orders from those. We have a dedicated product in lead acid for data centers, which is called front access. These are high-power batteries, and this can be accessed from the front instead from the top. So this product is picking up pretty well and well appreciated by our customers.

But this data center business has a long gestation period because these have so many approval processes. Normally, it takes anything between three to four quarters from zero date to order date because there are multiple consultants, multiple approval processes which are involved.

The only area where possibly we are developing our portfolio in our lithium-ion, and later on we can talk about it, is the BESS. BESS largely will be served through lithium-ion in India because of its footprint issue, where lithium has a much better case than lead-acid. And therefore, we are developing a cell format in LFP prismatic, particularly with this end market in mind.

Vinay Singh: That is helpful. So for data centers and all, how meaningful are the revenues now? Are they very small? Like you gave this 20% CAGR growth that I believe is for the industry that you would have given?

Avik Roy: Yes. Data center revenue at this moment, as I said, in a quarter, it will be about, let's say, INR75 crores to INR100 crores, only data centers. But the pipeline is very strong. The number of tenders, the number of RFQs that we have received is pretty strong.

Vinay Singh: And sir, just on the lithium side, we earlier talked about one large EV OEM customer and then 2-wheeler customer. What is the progress? When do we actually start to see commercial dispatches from you? Is it this year?

Avik Roy: I'll take the first part of the question. We have already told you that 2 of the 4 large OEMs we have been working for quite some time. Our designs and the samples got validated and well accepted by the client. Actually, we delivered more than the specifications in some cases. Now our 2-wheeler, the cylindrical line process validation, our internal validation has already started in Bangalore.

And we are now building cells validating it. And next step, we are sending samples to these customers for their own testing. So that process is going on. And the third customer has also, meanwhile, started discussion with us. So till last quarter, there were 2, now you can say 2.5 or 3. And the discussions are pretty positive. And the first line, which will be about 1.5 gigawatt,

we don't see a challenge in utilizing it once we are through with all the process validations. I'll request Pravin, who is sitting with me to give some more color on the time lines.

Pravin Saraf:

So like mentioned by Avik, in the cylindrical line, Line 1, the internal validation samples are made and internal validation is in progress. The next step will be to send the samples to customer. What I would like to mention that, we are in a very close interaction with customer. We have a clear clarity what is the expectation of customer. So tests which have to be done is aligned, and we are closely working with them.

Similarly, for prismatic line, Line 3, one of the line, is almost on the verge of completion of internal acceptance criteria, and we will start next month the sample manufacturing, which will again get internally validated and then we reach out to our customers. So I will say considerable progress has happened from last time to this quarter. Line 4 will be our last line, so which we are planning to complete the installations and commissioning by April.

Avik Roy:

And the LFP line, the prismatic line, which Pravin just now mentioned, primarily will be used for 3-wheelers as well as for the E-rickshaw market, again, where the trend is shifting from lead acid to lithium and this is a huge market. We will use the Exide distribution network for that and the service network. And this will be faster to the market because this does not require too much of validation and homologation by the OEMs. So therefore, this will be possibly the first revenue stream from the cell side.

Vinay Singh:

So sir, but even the EV OEMs and 2-wheeler OEMs, fair to assume that commercial dispatches will be this financial year? Or do you think that trickles to next financial year?

Avik Roy:

I mean sometimes, see, it depends on the customer also. So I would not like to say whether it is strictly by 31st of March, but plus/minus 1 month, it should happen because the testing protocols and things have been agreed and signed off. It's just a matter of sending samples to them after we complete our internal validation and then they'll do it. So we are not too much concerned on whether it is a March or April as long as we are on track for that.

Moderator:

The next question is from the line of Vibhav from JPMorgan.

Vibhav:

Firstly, on the core business, on telecom now, we've been seeing a degrowth for some time now for a few quarters at least. So is it fair to say that the business has now stabilized or bottomed out, and we can see some growth over there?

Avik Roy:

So Vibhav, you know telecom business, once upon a time, though it was not very profitable, but it was a big time lead-acid business for this best transceiver stations, BTS towers. Now most of the customers, whether it's Jio or Indus, the tower operators, they have shifted to lithium. And therefore, the volume has shifted. Now we are also present over there.

We have supplied the large quantity, actually, we were the first one to supply to Indus, our lithium packs. And we still have orders. We still have projections from Indus for next fiscal year. So that business will be largely a lithium business.

This has come down. We are still executing large orders by BSNL and others, but we have a feeling that telecom tower business will soon shift to lithium ion as we expected in the past. This was known, and this is factored in our business plan. So right now, telecom has come to only 1% of our revenue in Q3. So you can say, yes, it's largely bottomed out.

Vibhav: Okay. It's just 1% of the business now, so it's bottomed out?

Avik Roy: Right, now, yes.

Vibhav: Okay. That's helpful. Just a follow-up on this. On the replacement demand, now, again, for a lot of quarters now, we've been seeing very strong growth. So do you expect this to continue or could there be like a brief phase where replacement demand could be a bit soft?

Avik Roy: See, to be fair, we were a little worried till H1 of this year because the automotive OEM business was not picking up. And we were worried that what will happen 2 years down the line to our aftermarket. But fortunately, in H2, the market has grown up and growing strongly. And by January and February projections, we know that this has come back because of the impact of GST. And we grew quarter 3 by 25%, which is purely led by the production growth, mostly. Out of this quarter 3, December was the highest. It was plus 30%. Even if I talk about this month, January, which we just now closed, it's again in that range. So we would like to believe that since the OEM market has come back, that lull, which we were expecting in aftermarket after 2 years, I think that's largely covered.

Vibhav: Okay. That's good to know. And second question is on the lithium-ion business. Now that you are close to, obviously, commissioning and commencing commercial production, any sense on the margins, at least not with, say, the first 1.5 gigawatt hour line, but once all the 4 lines get commissioned, then will we make like positive margins or how should we think about it over a period of time, given that now you are very close to starting commercial production?

Avik Roy: I think, Vibhav, we replied to this question in the last quarter call also. See, what we expect is that the only difference between lead acid and lithium-ion is that, this is largely a B2B business, and unlike lead acid, where you also have a trade component, aftermarket component. Now here with our portfolio, which we are starting, we will have a smaller share of trade business, which is the e-rickshaw, as we said.

And the 2-wheeler business also has some aftermarket potential. Other than that, it's largely OEM driven. Now though I'm saying OEM, but here, the OEM margins are not like the SLI batteries of lead acid. Here, this is the engine of the vehicle. So it will be lesser than the lead acid trade margins, of course, but it will be higher than the lead acid OEM business.

So somewhere in between, we expect the margins to come. And we will get a lot of benefit. First of all, commodity is now indexed and it will be largely pass-through, which is derisking the business. But secondly, when we utilize our lines to the levels where you mentioned, our competitiveness and our efficiencies will actually be the differentiator.

We are trying very hard to improve our metal yields in the factory. Yield and raw material sourcing, these are the two biggest drivers for competitiveness. On the raw material side, we have been lucky that with our technology partner, we have been able to access their supply chain. As a result of that, we have signed a large number of master purchase agreements with the suppliers already on a long-term basis.

So with all this, I think we'll be able to deliver a decent positive gross margin, which may not be as high as 30%, 40% of aftermarket where you have more pricing power. But definitely, it will be far better than the OEM margins of lead acid.

Moderator: The next question is from the line of Pramod Amthe from InCred Capital.

Pramod Amthe: Two questions. With regard to lithium, you have taken an enabled resolution to further infuse equity into the business. What's the time line you are looking for that INR1,400 crores to be consumed, first? Second, also related is, there has been a lot of senior level exits in that business. How does it impact your operations or the medium-term business profile?

Avik Roy: So to the first question, in the January Board meeting, we got an approval from the Exide Board for infusing INR1,400 crores to Exide Energy for the full fiscal year. That's the approval we got. But how much we invest in which part of the year or which part of the quarter will be decided by the need of capital. I will hand over to Manoj to explain the utilization, and then I'll come back to the next question.

Manoj Agarwal: So the idea of this funding basically, as we said earlier, also, is to ensure that our leverage is lower in EESL. And second, because we are going into a commissioning mode, SOP mode, so this funding is basically a mix of both payout of capex, spending capex, and to manage the working capital requirement. This is what we have kept for the next year for EESL.

Avik Roy: So regarding the senior level exits, first of all, you have to understand this industry is a new industry, and there will be a lot of poaching and migration of talents because there is very few talent who are competent enough in this country, which are available. So we are aware of that. This is not only happening with us because we are also hiring people from other similar adjacent industries at the senior level.

So whatever you have heard, something was very planned. It was already planned, and that is why you saw that the day the exit happened, the same day the successor has been announced, which only shows that we have been planning and preparing ourselves. So this is part of the leadership journey for a new industry. There will be churning happening. And there will be a lot of movement of senior leaders because they are in demand now in the country. But like we'll have exits, we'll also have leadership entries, I'm sure about it.

Pramod Amthe: Sure. And similar follow-up is, it's good to know your products are getting accepted and you are delivering better than the expected performance on the lithium-ion side. Are you now close to, and since you're also talking about gross margins, are you now close to the finalization of pricing? If that is so, how does it compare versus import? Because that's the threat which everybody was looking at. It's very difficult to make money versus the import pricing. Would

you give some color in terms of the pricing negotiation with the customers, how they are looking at?

Avik Roy:

So I told you in the last quarter, I think this question again came up, and I will repeat the answer which I gave. It's a bilateral negotiation. There is no standard formula, whether it is import parity, whether it is cost plus, it's a mix of both. So it varies from customer to customer. And this is an ongoing process, I will tell you.

Only thing is that we have some temporary, but we have to see that the imports, we just heard that the imports are getting a little costlier because of withdrawal of certain duties by China. This will have a positive impact on us because at least it will help us to reach import parity faster than we thought.

The percentages you were aware, so I'm not mentioning, so to that extent. But I would like to believe that for Indian supplier of cells for the OEM customers, it will not be the price factor only. I strongly believe. Having a local supplier with big capabilities and helping me to receive the material on a daily basis or thrice a week basis and then operate at a 24-hour or 48-hour inventory, this is a great value for any OEMs.

We have seen in our other lead acid OEM business that they operate, they sit in our factory and take every day's quota. This kind of value cannot be delivered by import because there you have to keep minimum 3 months to 4 months of inventory. And when you do that, first is there is a risk of quality because you can see surprises after 2 months when you start using that product, number one.

Secondly, also the volatility of the valuation of the inventory because the lithium prices are fluctuating so much, you may be sitting with a high-cost inventory for 3 months and suddenly realize that after 3 months, the prices have fallen. So these are the values I would like to believe that our OEMs will still see in a local supply, which can be largely solved by people like us.

Moderator:

The next question is from the line of Raghunandhan from Nuvama Research.

Raghunandhan:

Firstly, can you indicate how much was the price increases taken in January? We hear from dealers that there was a 2% price hike taken. And post the price hike, is there still any under recovery?

Avik Roy:

Yes. So you're right, we have taken a 2% price hike in January. Right now, as we see because it's 2 days back, the metals have crashed, we do not know. Nobody knows the impact unless you cross the bridge. So I cannot forecast what will be the percentage recovery going ahead. But in December, we were thinking that we'll be able to pass on the whole increase in January, which could not happen because this is also a function of competitive strategy. But we passed on 2%, and we'll gradually see how we can pass on the remaining impact. But to assess that impact, the metal prices need to stabilize.

Raghunandhan:

Can you indicate for Inverters, you are looking at a positive growth in the upcoming quarter. Can you broadly indicate the revenue share of inverters?

- Avik Roy:** Yes. See, as a share, obviously, inverters, it's a season time. The season picks up from -- mainly from March and moves to July, unless there is an early summer onset this year, which I cannot predict. From March to July, the inverter volumes go up by almost 3x with respect to off-peak, which means whatever volumes you see in December, normally, the May volume is 3x of that. That's a typical cycle.
- And that is why you will see the quarter 1 of Exide is always the highest in revenue. So we expect the same to happen this year because last year, because of early onset of monsoon and a very prolonged monsoon, we did not get that benefit so much. But I'm sure this year, the season will pick up. Normally in a season time, the share of inverter is about 25% of our revenue.
- Raghunandhan:** Got it, sir. And on a full year basis, would it be like 15% to 20%, broad range?
- Avik Roy:** Yes, you're right about 20%, yes.
- Raghunandhan:** Got it, sir. And how much would be the current price of imported LFP and NMC cell? There has been increase in the underlying commodity prices recently, and there is also the reduction of the export rebates in China. So broadly, can you indicate how much has the lithium prices gone up in the recent times?
- Avik Roy:** I think this information is available in the public domain. So I cannot give you a specific information for Exide, I'm sorry.
- Raghunandhan:** Understood, sir. And in the initial lithium capacity, what would be the mix of LFP and NMC for us?
- Avik Roy:** It will be half-half. So let Pravin answer this.
- Pravin Saraf:** Yes. So it will be 50%.
- Raghunandhan:** Lastly, can you indicate the share of revenue from 2-wheeler and 4-wheeler OEM and replacement segment?
- Avik Roy:** Yes. The ratio for automotive replacement to OEM is, as we speak, is about between 73% to 75% in trade and 25% to 27% in automotive. So that's how it is, yes.
- Raghunandhan:** And what would be the share of revenue, sir?
- Moderator:** The next question is from the line of Mumuksh from Anand Rathi Institutional Equities. Please go ahead.
- Mumuksh:** Sir, congrats on the commencement of recently on the cylindrical line capacity and the new OEM wins. Sir, I just want to understand in Q3, the gross margin expanded 220 bps. Is it mainly due to inventory change and the antimony prices coming down? And any other reason for this, sir?

- Avik Roy:** See, antimony prices, though it came down, but this is not an inverter season. Antimony is generally used for the inverter batteries, which is tubular plate. So the volume offtake of antimony also for us came down. So we'll get the real benefit of this in the peak season time, which is just coming up.
- And in Q2, if you recall our discussion, we took a very conscious effort to cut our production to cut our inventory and manage working capital and that is why we generated about INR500 crores of additional free cash. So we are more or less at the same level of inventory at Q3 end also because in Q3, the production went up, and therefore, the working capital requirement also went up, maybe marginally higher.
- Mumuksh:** So that played out on the gross margin for this quarter, right, sir?
- Avik Roy:** Yes. Yes, yes.
- Mumuksh:** Got it, sir. Sir, on the RM side, if you can help us what could be the RM mix cost for some of the key elements like tin, silver, sulfur, copper, sulfuric acid. If you can just broadly help us understand what kind of RM mix they contribute to us, sir?
- Avik Roy:** So I should not be giving you the exact percentages, which is a little technical. But I can tell you, tin, silver, sulfuric acid is required across the whole revenue base because that's the lead acid battery, right? It's required for all kinds of batteries. So 100% revenue coverage, you need sulfuric acid.
- For tin, silver is required mainly for our automotive batteries where the growth is higher. But at the same time, the commodity cost is also increasing. Antimony is required for our tubular plate, which is our inverter battery, where the prices are softening, but it's also the off-peak season. So I think this is the best that I can share with you at this moment.
- Mumuksh:** Got it, sir. Finally, what would be the battery packs revenue? And anything on the capex for this year and next year, sir?
- Avik Roy:** So I'll leave this to Pravin to answer battery packs. INR98 crores.
- Pravin Saraf:** Yes. So it is INR100 crores right now. Yes, in the first 9 months.
- Mumuksh:** Any capex in battery packs?
- Avik Roy:** No, right now. Right now, we do not plan anything on this, because pack capacity can be done through your efficient supply chain management also. So we have 1.5 gigawatt hour worth of pack-making capacity in Gujarat. So we'll stick to that until we make a further decision.
- Mumuksh:** And just continuing on this, overall, sir, how do you see capex for FY '26 and '27, including the lithium and the lead, sir?
- Avik Roy:** So as I said, INR1,400 crores equity we have planned for lithium. And we'll have about another INR500 crores roughly for lead acid core business. That is what we do every year because, we

have a strategy policy to invest back to the business about same amount equal to our depreciation, which is around that number.

Moderator: The next question is from the line of Sangeeta from Cogito Advisors.

Sangeeta: Can you hear me?

Avik Roy: Yes, please.

Sangeeta: Okay. Thank you for the opportunity. Sir, what I wanted to get a sense was that when we're looking at the impact of raw material prices on our margins, all our competitors would also be facing similar impact. So where does the competitive pressure come from, which really prevents you from passing on these prices fully or is it just a question of a lag effect in passing them on and over the period, the entire industry passes it on? That's one question. My second question was that just like RM fluctuations seem to be a key risk to your margins in your lead acid business, what would be the main risks that you see in the lithium-ion business?

Avik Roy: Thank you for the question. To answer to the first part that the entire industry will be affected, then why not everybody take a price correction. I'm also hunting for the answer for the last many years. Sometimes it happens that somebody follows the other. Sometimes it does not happen because I think both the sales forces are fighting for the shelf spaces on the counters of the distributors or dealers or sub dealers. So possibly, this has not happened.

But if you have, if you see the history, Exide has always been the first one to take the price correction, at least for the last 5 years that I've been in the industry. And irrespective of whether someone follows or not, we used to pass on. We never take price correction unless there was a cost pressure. That's clear. So wherever there was a cost pressure, we were the first one to announce price increases and the secondary checks reveal that.

So on how and what kind of commodity risks you see in lithium-ion? See, lithium-ion, as I mentioned, is largely a B2B business. Like in our automotive OEM, the prices are largely indexed.

So our main problem of cost push comes in the trade market in terms of input increase. But generally, lead, at least the prime item which is lead, it is indexed through a formula with our OEMs. So similar thing will be indexed in lithium-ion also, at least for the main component, main raw material.

Sangeeta: So does that mean that the margins in lithium-ion will be more stable?

Avik Roy: Should be, should be, should be. If it is only material driven, then should be logically, unless there is some duty mismatch of country versus country. In some country, we get duty benefit. But as far as the prime index is concerned for material, it should be same for all.

Sangeeta: Right. And sir, if I can squeeze in one more question. If you look at the different segments of your business, the sense I'm getting is that a lot of the areas where you felt pressure are actually bottoming out. There are tailwinds in many of the segments that you operate in. Now if we put

all of this together, what kind of growth number should we, the top line growth should we look at for next year?

Avik Roy: I think on the core business, we will fight very hard, but I can see the market will give us opportunities to grow at a very high single digit to early double digit for sure. Because once I add back the declining businesses, that is where we come in. Because as I mentioned, 92% of our business in this quarter grew by about 12%. So if I can fix the balance 8% to that level, so we should at least come to double-digit level.

Moderator: The next question is from the line of Preet from InCred AMC.

Preet: I just have one question. I would like to know the margin differential between OEM and aftermarket business?

Avik Roy: No, this is not in public domain, I'm sorry. But you can do yourself, because this is stacked margins and the channel margins also add up. So you may do your secondary check, sir, but it's not fair for me to share this.

Moderator: The next question is from the line of Sucrit D Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit D Patil: My first question to Mr. Roy is -- first of all, thank you for the detailed commentary. Just want to understand this beyond what was covered in the opening remarks across Exide's core lead acid business and the newer energy storage initiatives, how does the management decide where to prioritize capacity, capital and management attention as market conditions evolve. As you track the business, what changes in customer demand, product mix or competitive intensity typically signal the need to rebalance the particular set of things? Just want to understand your view on this?

Avik Roy: So I'll give you a broader outline. Exide is in this business for the last 78 years, and it has been a market leader since then. This is not a pompous statement. I just wanted to make a point that we have a very well laid out method of allocating capital. And we have done it in the past, and we'll continue to do that.

And all these 78 years, we have been positive and we generated positive cash flow, and we remain debt-free touch wood, which means we were largely funding our investments through our own accruals. So that is -- that has been our strength, and that should remain our strength going forward also.

Now how we allocate capital, of course, in the last 3, 4 years, we decided though lead acid is a very mature or supposed to be a very mature technology or mature business, we should constantly look for opportunities for capacity expansion for the future and to bring out new products. And the capex should be around the depreciation amount every year for the core business.

So that has been a policy, and we worked on various areas. In some areas, we expanded -- in some years, we expanded capacity by investing. And in the last 2 years, we were investing heavily on manufacturing technology to achieve cost competitiveness, cost excellence. And if you look at our last disclosures of the last few quarters, you will read more about it.

So last 2, 3 years, we have been focusing more on manufacturing technology. We were putting up new machines to achieve cost competitiveness and quality improvement, which has largely been completed, and now we have taken the Phase 2 for the next few years. The second area of capital allocation is -- I think there is a noise somewhere in the background.

Sucrit D Patil:

Sorry I'll just mute myself, yes.

Avik Roy:

Yes, please. So the first principle was investing in manufacturing technology to gain competitiveness and quality improvement. The second area of our capital allocation is on automation, factory automation mainly. And we have been investing for the last 2, 3 years in a lot of automation in our factories to improve productivity.

And third is, of course, investment for tomorrow, which is the lithium-ion project. And therefore, we are very bullish on this project that we have to be future ready. So with core business reaching its desired competitiveness in terms of capacity as well as automation and a big equity infusion to make ourselves future ready for lithium-ion business. That has been the domain of our capital allocation.

Sucrit D Patil:

My second question is to Mr. Agarwal. Same -- similar question from a monitoring point of view and the outlook. Beyond the margins discussed, what are the key internal indicators you track closely, such as raw material passing through, mix shifts between automotive and industrial segments or working capital trends to assess profitability and cash flow sustainability before these trends show up on the balance sheet. I just want to understand your point of view on this?

Manoj Agarwal:

Thank you for the question. So see, it's a mix of everything. So we see the trend of mix also, what is the trade and OEM mix, right? How the entire metal family is going on. As we said, that entire metal family from last two, three quarters is going into a skyrocket, right? And then we also see how to manage our cash. Now in quarter 2 also, we have said the same thing because of the uncertain market because GST 2.0, the call we have taken as a management that will not accumulate inventory, but focus on cash.

So in quarter 2, the idea was to focus on cash to manage inventory. Then we again ramp up in quarter 3 with the fact that entire momentum has shifted to the demand side because GST 2.0. And hence, we again move to the growth story, where we talk about running the factory at full capacity, right, again, having an eye on the cash management as well. So if you see our H1 numbers also the cash management improved a lot if you compare to March.

And then we monitor basis the entire metal indices to see what is the market capacity to absorb the price increase. And hence, we have taken a first price increase in January also, right? So this is the levers we see. Apart from that, the huge focus on the cost optimization. So there are a lot

of program goes, how can we save money, how can we optimize resources to ensure that we bring benefit into the bottom line through the cost effectiveness. That's what we do.

Moderator: The next question is from the line of Abhishek Kumar from Neste Wealth.

Abhishek Kumar: Given the move towards high density and high reliability power solutions in hyperscale and edge data, how is Exide evolving technologically to capture this opportunity?

Avik Roy: So as I mentioned, there are multiple tiers of data centers from a hyperscaler to the colo to an enterprise. And based on the reliability of power required, the level of redundancy of UPS is decided. And more the redundancy, which means the shorter or tighter the footprint. And the tighter the footprint means higher energy density and therefore, where lithium-ion plays a better role than lead acid.

But there are -- because in those cases, real estate, is real money. They save real estate some footprint on reducing footprint. But there are data centers of various tiers where footprint or energy density is not an immediate value. It's the reliability of the product and performance because the redundancy requirement is not as high as, let's say, hyperscaler. And we see their demand coming from lead acid -- for lead acid batteries.

And that is where we have our, what we called our EHP series, which is the Exide high-power series, as we call it, and with front access. So, so far, we are the only one we have it in India, and it's doing reasonably well, I would say. But a lot of RFQs are also pending. So data center is not only and please don't look at only the Metas and Googles of this world. There are various data centers are coming up in various shapes and sizes and various scales, yes.

Abhishek Kumar: Okay. And is the company looking to have some kind of alliances with data center developers or cloud operators, something like that to capture the opportunity?

Avik Roy: So we are in constant touch, but they are generally our customers. And we want to remain a supplier and not get into a partnership mode and expose ourselves more because if I go with one, then I have 5 other customers who might not be happy with that. So we would like to stay as a supplier to all the customers.

Abhishek Kumar: Okay. And just last one, the Exide, how does the -- in terms of competitive risk from global power solution providers, how company is trying to insulate and to defend and grow its revenue share -- market share?

Avik Roy: So at this moment, you are talking about our core business or lithium-ion?

Abhishek Kumar: Lithium-ion in terms of the global power solution OEMs and UPS battery supplies coming to India?

Avik Roy: Frankly speaking, if you look around, we have not seen much of movement of global players setting up cell manufacturing capacity of lithium-ion in India. The people who have taken the maximum steps are all Indian industrial companies. You name us and you know three or four other names, they are all Indians.

So we have not seen that kind of an effort by a global company to come and set up, maybe they still want to wait and watch, number one. And secondly, China factor, ultimately, they are so much dependent on China for their competitiveness and maybe therefore they are not taking any risk. I have not heard. I don't know whether you have heard any global company planning or announcing to set up...

Abhishek Kumar: Because like the budget has proven there's, a lot of like taxation holidays and all. So maybe a lot of companies will start contemplating now?

Avik Roy: Yes. But for lithium and battery, I think a lot of industrial -- large industrial houses in our country have also committed their investments. So they will also receive similar kind of support, I'm sure.

Abhishek Kumar: Okay. Thank you. That's it from my side.

Avik Roy: Thank you. I hope that was the last question.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand over the conference to management for closing comments. Over to you, sir.

Avik Roy: So thank you. Thank you, everybody. It was a very engaging conversation we had. 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. Thank you very much. Over to the moderator.

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