



THE **EX**TRA MILE

Exide Industries Limited

Annual Report 2018-19

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CORPORATE OVERVIEW

We energise possibilities in New India through the unrivalled reach, reputation and recall of our brand, along with the depth and breadth of our offerings.

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GOVERNANCE

Compliance is a non-negotiable priority for us. We uphold the highest standard of ethics and governance in everything that we do.

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FINANCIALS

We judiciously allocate capital to maximise returns to our biggest asset, the stakeholders. Our consistent performance year-on-year is a testament to the same.

- 114 Standalone
- 169 Consolidated

KEY HIGHLIGHTS OF FY 2018-19

↑ 15.3%



10,588

Net turnover
(Rs. in crores)

↑ Growth (Y-o-Y)

↑ 13.7%



1,411

Operating profit
(Rs. in crores)

↑ 26.3%



9.93

Earnings per share
(in Rs.)

18,589.5

Market capitalisation
(Rs. in crores)
as on March 31, 2019

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This Report and other statements—written and oral—that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of any new information, future events or otherwise.

EXTRA MILE



IS MORE THAN A STRATEGY FOR US.

It is a credo that pervades and drives all facets of our business.

It has been our way of life ever since we began our journey; and continues to be the firepower behind our brand.

We, at Exide, travel the extra mile with best-in-class innovation, a wide spectrum of products and industry-leading services to a growing fraternity of consumers and brand patrons across India and other parts of the world. And providing the extra advantage to our stakeholders is core to our brand DNA.

The result is that even in a dynamic market scenario with growing competition, our brand enjoys unrivalled reputation and recall. Nevertheless, we want to travel farther to strengthen our brand leadership. We strike strategic collaborations with global technology partners and invest in our own research and development while entering unexplored markets and new customer segments across all business verticals.

We believe the aspiring Indian today cannot be defined simply by geographic and economic segmentation; psychographics also plays a big role in brand communication. Therefore, we are continuously rejuvenating and re-energising our brand promise to exceed the expectations of our stakeholder universe of customers, channel partners, employees and investors.

During the year under review, our overall strategies yielded encouraging outcomes and the road ahead is promising. As we seek to cross new milestones of growth, with vibrant and contemporary brand communication, we continue to focus on creating social, environmental and economic value with a long-term perspective.

WORLD OF EXIDE



For over seven decades, our journey has closely reflected the progress of India. We continue to energise possibilities in New India through the reach and recall of our brand.

Our technological and manufacturing prowess, coupled with our expertise in the chemistry of materials and a keen insight into stakeholder requirements, give our offerings best-in-class quality. We leverage our market differentiation and brand salience to achieve sustainable growth and improve profitability. We maintain a steady scale of capex to strengthen our supply chain capabilities.

WHAT WE RELY ON

Experience

70+ years

Reach

50+ countries

Production Capacity

45.45 million units of automotive & MC battery
4,782 million Ah of industrial power

Distribution network

48,000+ direct and indirect dealers

Products Range

Present across a comprehensive set of applications with a full spectrum of capacities

Financial Strength

Stable financial position and robust results

Passionate Human Resources

5,300+ employees

Brand Equity

The trust reposed in Exide

WHAT WE DO



Automotive

We enjoy the confidence of automotive OEMs and the organised retail space. Our portfolio spans Home UPS and batteries for four-wheelers, two-wheelers, three-wheelers, e-rickshaws, inverters and gensets. We primarily sell automotive power in the domestic market under the brands – Exide, SF Sonic and Dynex. Our Dynex, Index and SF Sonic brands cater to the export market.



Submarine

We are one of the few battery brands capable of manufacturing high-end batteries for a wide range of submarines such as Russian Kilo/636/ Romeo/Foxtrot class, German 209 class, French Scorpene class and indigenous nuclear submarines. Our portfolio extends to very high-capacity (~20,000Ah) specialised batteries for all such applications. These batteries are high-end, conforming to the most stringent technical specifications and quality control standards.

VISION

To become a Global Power House respected by customers and preferred by investors, known for innovative products and solutions.

MISSION

To outperform at market exceeding expectations of customers and shareholders through the accelerated evolution of people, processes and technologies in its journey towards excellence.

MANUFACTURING FACILITIES

	ISO 9001:2015	ISO 14001: 2015	IATF 16949:2016	OHSAS 18001:2007/ ISO 45001:2018
Shamnagar	✓	✓	✓	✓
Chinchwad	✓	✓	✓	✓
Haldia	✓	✓	✓	✓
Hosur	✓	✓	✓	✓
Taloja	✓	✓	✓	✓
Bawal	✓	✓	✓	✓
Ahmednagar	✓	✓	✓	✓
Roorkee	✓	✓	NA	✓
Haridwar	✓	✓	NA	✓

WHAT THIS TRANSLATES INTO**Industrial**

We serve the ambitious needs of emerging India's power, telecom, infrastructure, solar, railways, mining, defence and IT industries. Our portfolio includes batteries in the capacity range of 7 Ah to 3,200 Ah. Our domestic industrial battery brands are Exide, SF and CEIL; while our marquee brands in the overseas market are Exide, CEIL, Chloride and Index.

A value-generating business that is guided by its core principles in order to contribute towards the creation of a highly-convenient and mobile world.

Our Core Values

Leadership	Integrity	People development and involvement	Agility
Management by processes and facts		Responsible corporate citizenship	
Passion for innovation and technology	Channel partner relationship	Striving for excellence	Customer orientation

REVIEWING OUR BUSINESS DIVISIONS



Exide draws on its advanced technological strengths as well as the manufacturing capabilities of its business divisions. It also integrates the know-how of external business partners to create long-term value.

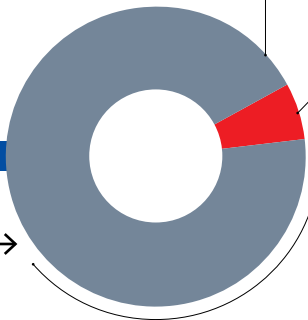


SHARE OF GEOGRAPHIES
IN REVENUE (%)

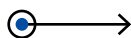


94
Domestic

6
Export



SHARE OF
BUSINESSES
IN REVENUE (%)



68

Non-Institutional Sales

32

Institutional Sales

AUTOMOTIVE

Achievements

- > We continued to grow through both OEM and after-market sales while stabilising the mix of products launched in FY 2017-18.
- > We grew closer to our customers through our network of 1,750+ Exide Care and 48,000+ pan-Indian outlets. We supported our dealers through various new digital tools that enhance the experience of doing business with Exide.
- > The range of new products launched in the previous financial year, like Exide Gold and Exide Bikerz VRLA, helped us improve our market presence and penetration further.
- > We introduced Exide INVERTERZ MAGIC in the Home UPS segment, with latest square wave technology and 24 months of warranty.
- > Consumer promotions (like the six-month extended warranty offer on car range) and channel drives (like the Humsafar display contest) gave the Exide brand huge impetus.



- > Brand visibility and salience was kept at a high level through consistent outdoor and social media presence through the year.

Priorities on the radar

- > We are developing a portfolio of advanced Ultra batteries.
- > We are honing our battery technology to cater to the BS VI vehicle emission norms, while continually launching cost-competitive batteries that deliver on lifespan, power density, charge

acceptance, battery weight and multiple application areas.

- > We are well-positioned to service the battery market, led by consistent government policy support for rural electrification and last-mile connectivity.
- > We are harnessing the latent potential of the exports market and carving a greater overseas footprint, while leveraging the attractive margins of the after-sales market vis-à-vis OEM sales.



Industry-leading solutions

Exide and Leclanché SA entered into a Joint Venture (JV) to build lithium-ion batteries and provide energy storage systems for India's electric vehicle (EV) market and grid-based applications. The JV is likely to become a leading solutions provider for alternative energy storage applications in India; and will also contribute to developing energy-efficient, eco-friendly solutions that rationalise fossil fuel dependence. The JV will specifically target e-transport and fleet vehicles, including e-buses, e-wheelers and e-rickshaws.

Its production plant will be based in Gujarat. A module and battery pack assembly line is expected to be operational by Q3 FY 2019-20.



SUBMARINE

Achievements

- > We exported two sets of new-design submarine batteries, with all accessories and spares, to the Vietnam Navy. This was Exide's maiden export of submarine batteries. The first set has passed sea trials and the second is due for commissioning soon.
- > We secured the first-ever order to manufacture and export one set of batteries for a mini-submarine, due to be supplied in the next fiscal.
- > We supplied the first set of indigenous Type-IV submarine batteries and inter-cell connectors; successfully clearing all the harbour trials after installation on board.

- > In addition, we met 100 per cent replacement requirements of the Indian Navy - including urgent deliveries on time.

Priorities on the radar

- > We are developing a new range of batteries for next-gen submarines, competing with international peers, to widen our industry footprint. We continue to focus on catering to the indigenous class of submarines, along with German, Russian and French classes.
- > We are reinforcing our after-sales service support and technical capabilities, emerging as a holistic solutions provider. We are recruiting and training young talent for that purpose.



INDUSTRIAL



Achievements

- > Solar and IUPS businesses emerged as the most profitable segments among Exide's industrial offerings, given the government's conducive policy reforms.
- > Our solar business has expanded with continuous drive for new additions in our product portfolio and for new applications like micro-grid and utility scale storage, leveraging advanced lead battery technology like Ultra and tubular GEL. We have also entered high efficiency solar photovoltaic (PV) modules in various projects. We are combining solar battery and solar inverters as part of a composite storage solution for several private and government projects.
- > We introduced the high watt series of IUPS to fulfil the requirements of the fast-growing data warehousing market; these have specific advantages over regular VRLA products.
- > We launched a new range of compact, next-generation online UPS systems named Power NXT; these are targeted at the booming SOHO or small office/home office market as well as large format retailers.

- > We optimised our batteries to meet the requirements of the evolving Indian telecom sector. Front Access Technology enables telecom batteries to be more compact and user-friendly. This will help us cater to the international telecom market.
- > We completed the development of 'Front Terminal' AGM VRLA products that will find use in the international telecom market and data centres.
- > The division's exports were primarily driven by traction products. We started exporting standby products to different African markets such as Nigeria, Kenya, South Africa, Uganda and Zimbabwe and have taken on the competition in Europe and have exported to Spain and Greece. Our exports to the Middle East (UAE, Israel and Lebanon) continues unabated.

Priorities on the radar

- > With declining storage costs and improving energy density, various chemistries are becoming viable for energy storage applications. We are exploring opportunities

in lithium-ion batteries such as storage solutions. Battery Energy Storage Systems (BESS) for utility, commercial, institutional and domestic segments are emerging steadily due to declining cost of renewable energy and storage solutions.

- > We will field test Bipolar batteries in collaboration with Advanced Battery Concepts, USA.
- > We intend to fully utilise existing and enhanced capacity within our plants.
- > We will focus on remote battery management systems in our traction products. Our objective is to deep-dive into the markets for solar inverters and solar EPC services. We will grow our prominence in the telecom sector.
- > We are sharpening our export focus to get new customers, enter unexplored geographies and raise overseas sales of margin-accretive products.



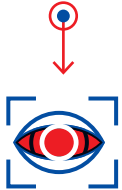
Southeast Asia's biggest battery-making hub

Exide expects to turn the unit in West Bengal's port city of Haldia into one of the largest integrated and self-sufficient battery-making centres in Southeast Asia, focusing on recycled lead to finished battery. Haldia already accounts for one-third of our total battery production.

We have set in motion plans for two greenfield projects (20 acres each) at the site:

- > A 40,000 sq. m. shed that will augment our manufacturing monthly capacity to 1.2 lakh units.
- > One of India's biggest battery recycling plants, with a monthly capacity of 15,000 MT, through a technical partnership with Italy's Engitech Technologies.

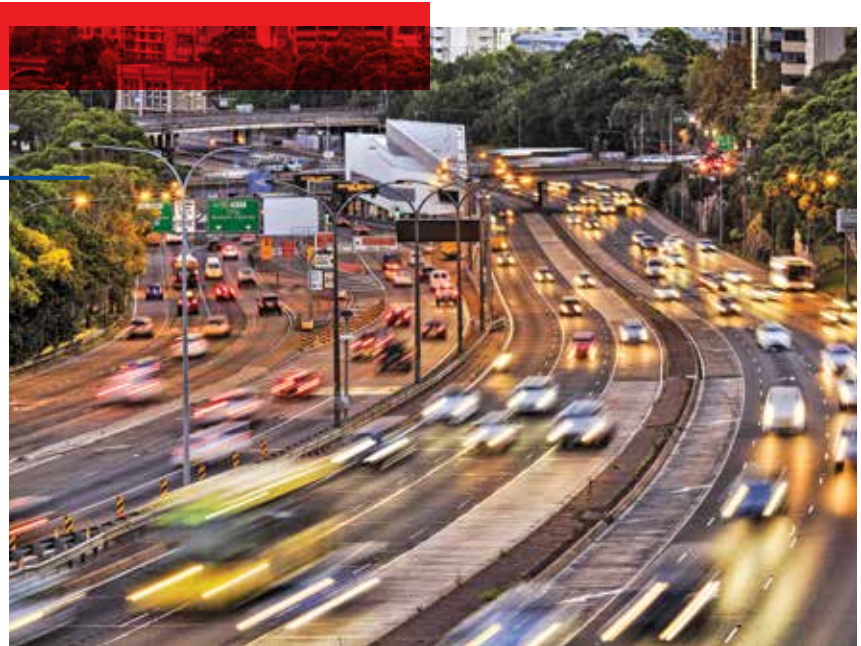
OPERATING CONTEXT



The environment in which we operate our business is shaped by major socio-economic trajectories and industry trends. We continue to refresh and realign our strategies in response to the macro environment.

BIG PICTURE

- > India's consumption boom, powered by an aspirational population and a healthy savings rate, plays a pivotal role in driving economic growth. Following the rollout of the landmark Goods and Services Tax (GST), the Government of India's growing focus on infrastructure creation and other reform measures, the country now ranks 77 in the World Bank's Doing Business 2019 report.
- > It is estimated that, by 2030, the country will add approximately 140 million middle-income and 21 million high-income households, nearly doubling the total share of these segments to 51 per cent. These realities help drive consumption in India [Source: World Economic Forum].
- > India's emerging urban clusters are propelling its growth; and more consumers with greater purchasing power are emerging beyond the metros, particularly in Tier II/III cities.



Semi-urban and rural areas are also getting into the mainstream with better roads and related infrastructure, creating a huge consumer market.

- > By 2030, over 1 billion Indians from rural and urban areas are likely to have access to the internet. This digital inclusion is expected to contribute favourably to the country's consumption trajectory.

What does this mean for Exide?

The country's growth story offers multiple opportunities for our business. We are reinforcing our identity as a customer-centric innovative brand that can combine scale, agility and purpose to create enhanced value for all stakeholders.