

January 24, 2024

**RESULT REPORT Q3 FY24** | Sector: Automobile

# Exide Industries (EXID)

## Mixed bag – Moderate revenues drag EBITDA

### Valuation and View – Demand outlook stable to positive

EXID's 3QFY24 results was weak led by lower than expected revenues at Rs38.4b (-6.5% QoQ, est Rs41.9b), led to ~6.5%/5% miss on EBITDA to our/consensus estimates. The growth YoY was led by volumes while pricing remained broadly stable. Gross margins expanded ~40bp QoQ (-80bp YoY) at 31.5% (est 30.8%) surprised positively despite ~14%/~2.3% increase in the lead price in 2Q/3Q. This would partially be offset by favorable mix. The demand outlook is stable to positive for the base business for auto/industrial vertical, as current volume growth is expected to sustain over near-mid term. Further, re-configured products for exports (to avoid anti-dumping) to benefit exports recovery in the near-term. We believe, recent stability in lead prices (+14%/2.3% increase in 2Q/3Q) to influence margins ahead.

Over the mid-long term, EXID's speedy ramp-up of lithium-ion battery cell manufacturing, would be closely watched as plan is expected to begin commercial production by end of FY25E. While EXID's LAB business is expected to grow 7-8% CAGR over 3-5 years, significant ramp-up in EV cell manufacturing and order wins to act as key re-rating trigger for the stock. EXID is trading at 19.9x/16.8x FY25/26 S/A EPS (v/s 10-year LPA of ~20x). We cut FY24/25/26 EPS by 7%/4%/3% to factor in for lower revenues and other income. and estimate Revenue/EBITDA/PAT CAGR of 10%/17.6%/21% over FY23-26E. We have maintained BUY with TP of Rs377 (20x Mar-26 EPS + 50% holdco discount to HDFC Life stake at Rs29).

### Result Highlight – Below est; weak revenues drives miss on EBITDA

- Standalone revenues grew 12.6% YoY (-6.5% QoQ) at ~Rs38.4b (est Rs41.8b, cons Rs39.4b). Co indicated auto volumes were better for OEM and replacement segments while industrial sector continues to see order inflow backed by increased investments in key end user segments.
- Gross margins expanded 40bp QoQ (-80bp YoY) at 31.5% (est 30.8%). This should be largely led by favorable product mix as lead prices were higher QoQ by average ~8% to Rs176.7/kg (2 qtr rolling basis). This was partially offset by controlled other expenses.
- Consequently, EBITDA grew 9.7% YoY (-9% QoQ) at Rs4.4b (est Rs4.7b, cons Rs4.6) with margins contracted 30bp YoY (-30bp QoQ) at 11.5% (est 11.2%, cons 11.7%).
- Led by moderate EBITDA growth and lower other income at Rs227m (-42% QoQ, est Rs400m), Adj.PAT grew 7.7% YoY (+16.3% QoQ) at Rs2.4b (est Rs2.78b, cons Rs2.7b).
- 9MFY24 performance – Revenue/EBITDA/Adj.PAT grew 9%/12.9%/10.6%.

### Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% variation		Remarks
		Yes Sec	Consensus	Yes Sec	Consensus	
Sales	38,405	41,885	39,647	-8.3	-3.1	Below estimates as weak revenue drives miss on EBITDA and PAT.
EBITDA	4,399	4,703	4,624	-6.5	-4.9	
EBITDA margins %	11.5	11.2	11.7	20bp	-20bp	
Adjusted PAT	2,403	2,781	2,692	-13.6	-10.7	

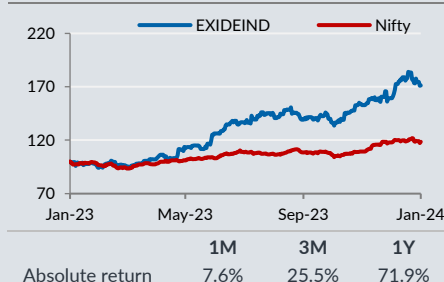
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 316
Target Price	: Rs 377
Potential Return	: +19%

### Stock data (as on Jan 24, 2024)

Nifty	21,454
52 Week h/l (Rs)	342 / 171
Market cap (Rs/USD mn)	267495 / 3219
Outstanding Shares (mn)	850
6m Avg t/o (Rs mn):	822
Div yield (%)	0.6
Bloomberg code:	EXID IN
NSE code:	EXIDEIND

### Stock performance



### Shareholding pattern (As of Dec'23)

Promoter	46.0%
FII+DII	32.2%
Others	21.8%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	377	389

### Δ in earnings estimates

	FY24E	FY25E
EPS (New)	11.9	15.9
EPS (Old)	12.8	16.5
% change	-7.3%	-4.1%

### Financial Summary

Y/E Mar (Rs b)	2024E	2025E	2026E
Sales	161.3	179.7	194.6
EBITDA	17.9	22.4	25.5
Adj. PAT	10.1	13.5	16.0
Adj. EPS (INR)	11.9	15.9	18.9
EPS Gr. (%)	11.6	33.7	18.9
BV/Sh. (INR)	139.2	150.1	164.0
RoE (%)	8.5	10.6	11.5
RoCE (%)	9.1	11.3	12.4
Payout (%)	37.9	31.5	26.5
P/E (x)	26.6	19.9	16.8
P/BV (x)	2.3	2.1	1.9
EV/EBITDA (x)	11.0	8.6	7.3
Div. Yield (%)	1.4	1.6	1.6

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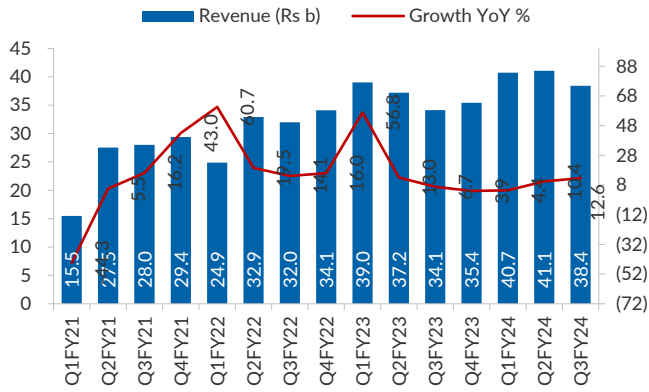
## Exhibit 2: Quarterly snapshot

Y/e Mar (Rs m)	Q3FY24	Q3FY23	YoY chg	Q2FY24	9MFY24	9MFY23	YoY chg
Net Revenues	38,405	34,121	12.6	41,067	120,198	110,304	9.0
Raw Materials	26,311	23,095	13.9	28,292	83,823	77,052	8.8
% of Net Sales	68.5%	67.7%		68.9%	69.7%	69.9%	
Personnel	2,467	2,147	14.9	2,561	7,401	6,484	14.1
% of Net Sales	6.4%	6.3%		6.2%	6.2%	5.9%	
Manufacturing & Other Exp	5,228	4,870	7.3	5,383	15,422	14,767	4.4
% of Net Sales	13.6%	14.3%		13.1%	12.8%	13.4%	
Total Expenditure	34,006	30,111	12.9	36,235	106,646	98,303	8.5
EBITDA	4,399	4,010	9.7	4,831	13,552	12,001	12.9
EBITDA Margin (%)	11.5%	11.8%		11.8%	11.3%	10.9%	
Depreciation	1,274	1,153	10.5	1,259	3,726	3,363	10.8
EBIT	3,126	2,858	9.4	3,572	9,826	8,638	13.8
Interest Expenses	145	82		115	358	208	72.2
Non-operating income	227	234	(2.8)	392	811	911	(11.0)
Extraordinary Expenses	0	0		0	0	0	
PBT	3,208	3,009	6.6	3,849	10,279	9,342	10.0
Tax-Total	806	778	3.6	979	2,587	2,384	8.5
Tax Rate (%) - Total	25.1%	25.8%		25.4%	25.2%	25.5%	
Reported PAT	2,403	2,232	7.7	2,870	7,692	6,958	10.6
Adj. PAT	2,403	2,232	7.7	2,870	7,692	6,958	10.6
PAT Margin	6.3%	6.5%		7.0%	6.4%	6.3%	

Source- Company, YES Sec

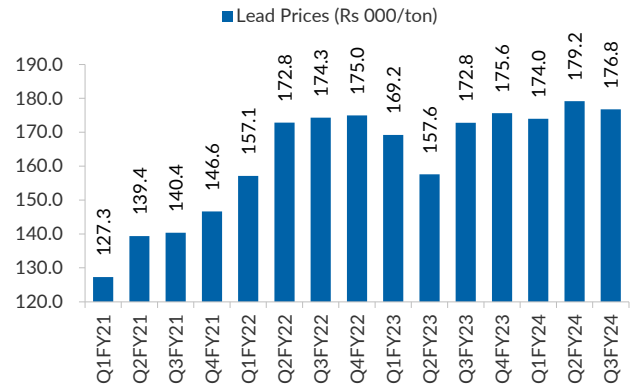
## CHARTS

**Exhibit 1: 3QFY24 revenue grew 12.6% YoY**



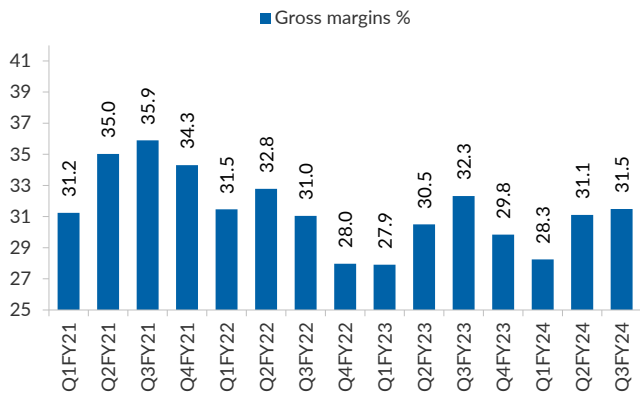
Source: Company, YES Sec

**Exhibit 2: Lead price decreased to Rs176.8k/ton in 3Q**



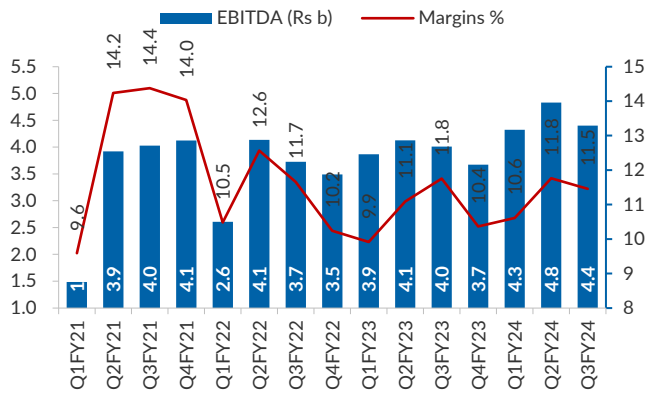
Source: Bloomberg, YES Sec

**Exhibit 3: Gross margins expanded by 40bp QoQ**



Source: Company, YES Sec

**Exhibit 4: EBITDAM contracted 30bp YoY (-30bp QoQ)**



Source: Company, YES Sec

## FINANCIALS

### Exhibit 5: Balance Sheet

Y/E March	2021	2022	2023	2024E	2025E	2026E
Share Capital	850	850	850	850	850	850
Reserves	68,085	105,131	111,248	117,503	126,735	138,513
Net Worth	68,935	105,981	112,098	118,353	127,585	139,363
Loans	-	-	-	-	-	-
Deferred Tax Liability	771	654	1,160	1,160	1,160	1,160
Capital Employed	69,706	106,635	113,257	119,512	128,745	140,523
Application of Funds						
Gross Fixed Assets	42,740	47,871	53,296	57,562	63,562	71,562
Less: Depreciation	16,361	20,493	25,050	30,111	35,369	40,357
Net Fixed Assets	26,379	27,378	28,245	27,451	28,193	31,206
Capital WIP	2,008	3,381	1,267	2,000	2,000	2,000
Investments	30,924	60,355	63,414	68,407	72,501	76,750
Curr.Assets	36,977	40,862	46,486	55,230	63,291	70,540
Inventory	23,462	24,647	29,891	33,033	36,816	39,864
Sundry Debtors	8,874	11,945	12,741	15,022	18,711	20,260
Cash & Bank Balances	825	1,614	745	3,740	3,935	6,270
Loans & Advances	0	0	-	-	-	-
Other Current Assets	3,816	2,656	3,109	3,436	3,829	4,146
Current Liab. & Prov.	26,581	25,341	26,154	33,576	37,241	39,972
Sundry Creditors	16,478	16,254	15,328	16,939	18,711	20,260
Other Liabilities	6,860	5,173	6,862	10,603	11,818	12,796
Provisions	3,243	3,914	3,964	6,034	6,712	6,916
Net Current Assets	10,396	15,521	20,332	21,654	26,050	30,568
Application of Funds	69,706	106,635	113,257	119,512	128,745	140,523

Source: Company, YES Sec

## Exhibit 6: Income statement

Y/E March	2021	2022	2023	2024E	2025E	2026E
Total Operating Income	100,408	124,101	145,919	161,260	179,728	194,604
Change (%)	1.9	23.6	17.6	10.5	11.5	8.3
Total Expenditure	86,853	110,119	130,239	143,369	157,370	169,093
EBITDA	13,556	13,983	15,680	17,892	22,358	25,511
EBITDA Margins (%)	13.5	11.3	10.7	11.1	12.4	13.1
Change (%)	(0.7)	3.1	12.1	14.1	25.0	14.1
Depreciation	3,794	4,131	4,558	5,061	5,258	4,988
EBIT	9,762	9,851	11,122	12,831	17,100	20,523
Deferred Revenue Exp.	-	-	-	-	-	-
Interest Charges	238	394	295	502	602	723
Other Income	654	805	1,324	1,147	1,242	1,290
EO Exp/(Inc)	-	(46,938)	-	-	-	-
PBT	10,179	57,199	12,151	13,476	17,740	21,090
Tax	2,596	10,356	3,115	3,396	4,258	5,062
Effective Rate (%)	25.5	18.1	25.6	25.2	24.0	24.0
Rep. PAT	7,583	46,843	9,036	10,080	13,482	16,029
Change (%)	(8.1)	517.8	(80.7)	11.6	33.7	18.9
Adj. PAT	7,583	8,404	9,036	10,080	13,482	16,029
Change (%)	(10.0)	10.8	7.5	11.6	33.7	18.9

Source: Company, YES Sec

## Exhibit 7: Cash Flow Statement

Y/E March	2021	2022	2023	2024E	2025E	2026E
OP/(Loss) before Tax	10,179	57,199	12,151	12,831	17,100	20,523
Interest/Dividends Received	(365)	(156)	(233)	1,147	1,242	1,290
Depreciation & Amortisation	3,794	4,131	4,558	5,061	5,258	4,988
Direct Taxes Paid	(2,721)	(10,472)	(3,212)	(3,396)	(4,258)	(5,062)
(Inc)/Dec in Working Capital	3,044	(3,479)	(4,538)	1,673	(4,202)	(2,182)
Other Items	203	(93,957)	(242)	-	-	-
CF from Oper. Activity	14,134	(46,733)	8,484	17,316	15,141	19,557
Extra-ordinary Items	-	46,938	-	-	-	-
Other Items	-	-	-	-	-	-
CF after EO Items	14,134	205	8,484	17,316	15,141	19,557
(Inc)/Dec in FA+CWIP	(3,384)	(5,795)	(3,716)	(5,000)	(6,000)	(8,000)
Free Cash Flow	10,750	(52,528)	4,768	12,316	9,141	11,557
(Pur)/Sale of Invest.	(9,385)	8,549	(5,162)	(4,994)	(4,094)	(4,248)
CF from Inv. Activity	(12,769)	2,754	(8,878)	(9,994)	(10,094)	(12,248)
Issue of Equity	-	-	-	0	-	0
Inc/(Dec) in Debt	(244)	(67)	(101)	66	-	-
Interest Rec./(Paid)	(45)	(482)	(360)	(502)	(602)	(723)
Dividends Paid	(1,700)	(1,700)	-	(3,825)	(4,250)	(4,250)
CF from Fin. Activity	(1,989)	(2,249)	(461)	(4,261)	(4,852)	(4,973)
Inc/(Dec) in Cash	(623)	709	(855)	3,061	195	2,335
Add: Beginning Balance	1,449	825	1,614	745	3,740	3,935
Closing Balance	825	1,534	759	3,806	3,935	6,270

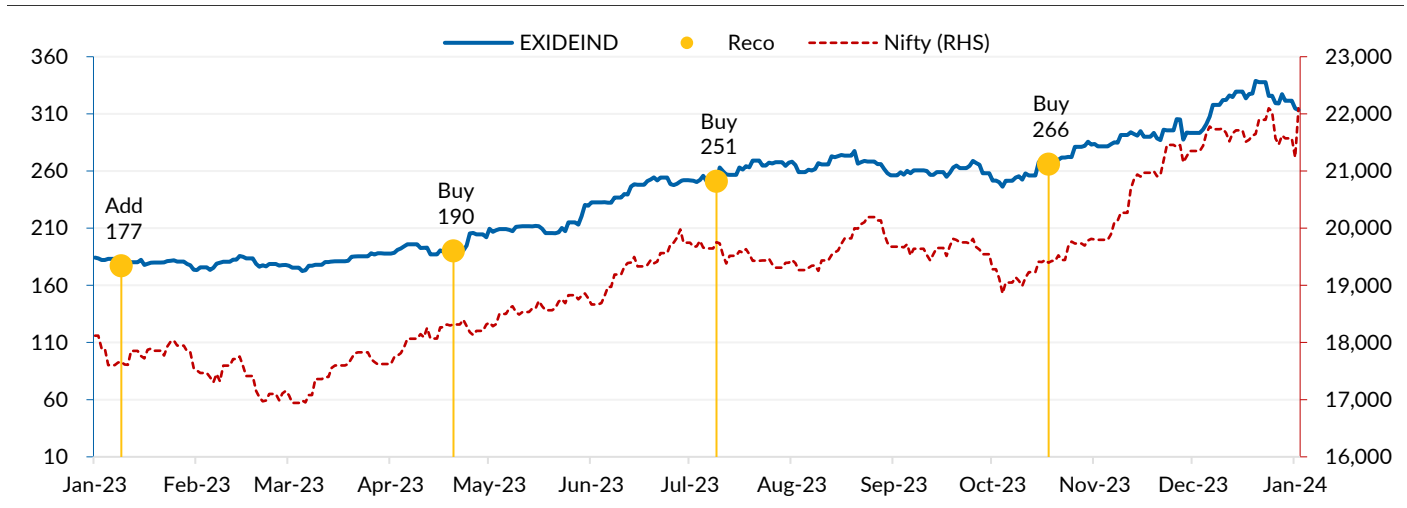
Source- Company, YES Sec

## Exhibit 8: Growth and Ratio matrix

Y/E March	2021	2022	2023	2024E	2025E	2026E
<b>Basic (INR)</b>						
EPS	8.9	9.9	10.6	11.9	15.9	18.9
Cash EPS	13.4	14.7	16.0	17.8	22.0	24.7
Book Value per Share	81.1	124.7	131.9	139.2	150.1	164.0
DPS	2.0	2.0	4.0	4.5	5.0	5.0
Payout (Incl. Div. Tax) %	22.4	20.2	37.6	37.9	31.5	26.5
<b>Valuation (x)</b>						
P/E	35.4	32.0	29.7	26.6	19.9	16.8
Cash P/E	23.6	21.4	19.8	17.7	14.3	12.8
EV/EBITDA	17.5	14.8	13.0	11.0	8.6	7.3
EV/Sales	2.4	1.7	1.4	1.2	1.1	1.0
Price to Book Value	3.9	2.5	2.4	2.3	2.1	1.9
Dividend Yield (%)	0.6	0.6	1.3	1.4	1.6	1.6
<b>Profitability Ratios (%)</b>						
RoE	11.0	7.9	8.1	8.5	10.6	11.5
RoCE	11.8	10.0	8.5	9.1	11.3	12.4
RoIC	19.4	20.9	18.6	20.6	27.2	29.5
<b>Turnover Ratios</b>						
Debtors (Days)	32.3	35.1	31.9	34.0	38.0	38.0
Inventory (Days)	85.3	72.5	74.8	74.8	74.8	74.8
Creditors (Days)	59.9	47.8	38.3	38.3	38.0	38.0
Working Capital (Days)	57.6	59.8	68.3	70.4	74.8	74.8
Gross Fixed Asset Turnover (x)	2.3	2.6	2.7	2.8	2.8	2.7
<b>Leverage Ratio</b>						
Debt/Equity (x)	-	-	-	-	-	-

Source- Company, YES Sec

## Recommendation Tracker



Source – YES Sec

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**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

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YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.