

Retail Equity Research  
**Exide Industries Ltd.**

Automobile – Auto Ancillaries

BSE CODE : 500086      NSE CODE: EXIDEIND  
BLOOMBERG CODE: EXID:IN      SENSEX : 73,512

**Accumulate**

12Month Investment Period      Rating as per Midcap

**CMP Rs. 453 TARGET Rs. 520 RETURN 15%** ↑  
(Closing: 07-05-24)

**KEY CHANGES:**

**TARGET** ↑

**RATING** ↓

**EARNINGS** ↓

**Onboarding EV OEMs to expand margin.**

Exide Industries Limited (EIL) is the market leader in storage batteries in India, with a 60% market share. Its segment includes automotive & industrial batteries and it controls 86 percent of the 2W market.

- Q4FY24 revenue grew by 13.2% YoY, driven by volume growth from most verticals. The automotive aftermarket, UPS, & solar segments continue to witness growth.
- The order book for lithium ion battery packs is in an incipient stage, with a ramp-up in sales expected during FY25 period. The first phase is expected to commence production by H2FY25.
- EBITDA margin expanded by 251bps due to lower input costs and a price hike in the replacement market. We expect margins to improve due to the operating leverage benefits accrued from the new plant.
- Recently, EIL through its subsidiary signed a strategic MOU with Hyundai Motor Co, and Kia Corp. for development, Production and Supply of battery cells (LFP chemistry) for electric vehicle in India.
- EIL, is focusing on its new energy business to drive future growth. We value EIL on a SOTP basis where core business at 20x on FY26E EPS and Investment in subsidiaries at Rs143/share. Hence, we recommend Accumulate rating at CMP with a target price of Rs 520.

**Company Data**

Market Cap (Rs.cr)	38,569
Enterprise Value (Rs.cr)	38,700
Outstanding Shares (cr)	85.0
Free Float	54%
Dividend Yield	0.4%
52 week high Rs.	485
52 week low Rs.	187
6m average volume (cr)	0.65
Beta	0.9
Face value Rs.	1

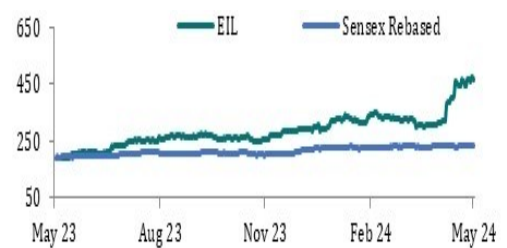
**Shareholding (%)**

	Q2FY24	Q3FY24	Q4FY24
Promoters	46.0	46.0	46.0
FII's	12.8	12.9	13.6
MFs/Insti	19.0	19.2	18.6
Public	22.2	21.9	21.9
Total	100.0	100.0	100.0
Promoter pledge	Nil	Nil	Nil

**Price Performance**

	3 Month	6 Month	1 Year
Absolute Return	31.6%	69.3%	139.8%
Absolute Sensex	2.5%	12.8%	18.6%
Relative Return*	29.1%	56.5%	121.3%

**\*over or under performance to benchmark index**



**Standalone (cr)**

	FY24A	FY25E	FY26E
Sales	16,029	17,712	20,009
Growth (%)	9.8	10.5	13.0
EBITDA	1,871	2,161	2,641
EBITDA Margin (%)	11.7	12.2	13.2
Adj. PAT	1,053	1,247	1,602
Growth (%)	16.5	18.4	28.5
Adj. EPS	12.4	14.7	18.8
Growth (%)	16.5	18.4	28.5
P/E	26.5	22.4	17.4
P/B	2.2	2.0	1.8
EV/EBITDA	14.9	12.9	10.6
ROE (%)	8.5	9.4	11.0
D/E	0.0	0.0	0.0

Saji John  
**Research Analyst**

**Margin to remain resilient and to improve..**

During Q4FY24, EIL achieved 13% revenue growth due to superior product mix and strong volume growth in the replacement market. Overall demand scenario is showing signs of pick up due to stability in the 2W volume pick up. We expect the margin to remain resilient at current level and improve to its historical level owing to cost optimization, operating leverage and better realisation from the lithium ion business. We expect the lead-acid business to coexist with EVs and other battery technologies in the future. The company's cost optimization initiatives through automation are ongoing, and future margins will depend on commodity price volatility. We expect the revenue to grow by 10% YoY in over FY24-26E factoring in raw material stabilization and diversified mix.

**Green field capex for lithium ion battery cell.**

The plant is being conceptualized in two phases, Phase I and Phase II. So, in Phase I, it will have a 6-gigawatt hour of capacity and in Phase II, another 6-gigawatt hour of capacity. We expect the Phase I, SOP, (Start Of Production) sometime in 2024. The overall capex for this plant is Rs.6,000 crores, of which around Rs.4,000 crores will be spent on Phase I and the balance for Phase II. The plant would be used to set up multi-gigawatt Li-ion battery cell manufacturing facility for the new age electric mobility and stationary application business in India. The company reiterated that the first phase of Li-ion cell manufacturing to get fully functional by H2FY25.

**Lithium ion expansion in the right direction.**

The demand scenario for e-2/3Ws is likely to fair well both in the domestic and export markets with respect to significant growth in the sector. Currently the cells are imported from China and India is the process of localisation. EIL will benefit directly from the recent capex expansion and will have first mover advantage in cell manufacturing. Meanwhile, EIL is also in the process of meeting several potential customers for strategic corporation in the Indian EV market. Recently, EIL through its subsidiary signed a **strategic MOU with Hyundai Motor Co, and Kia Corp.** for development, Production and Supply of lithium ion phosphate cells (LFP chemistry) for their future electric vehicles in India. Exide has a long term technical partnership with SVOLT energy technology, a Chinese firm, for the lithium-ion cells project.

**Valuations**

The company will be able to maintain its cash position and fund the capex through internal accruals. We remain positive outlook on a medium to long term basis, owing to its concentration on the development of EV batteries, where larger pie of the companies depend on importing. We expect the Kia & Hyundai, collaboration is to ramp up the production of battery cells. We value EIL on a SOTP basis with core business at 20x on FY26E EPS and Investment in subsidiaries at Rs143/share. We recommend Accumulate rating at CMP with a target price of Rs 520.

## Quarterly Financials (Standalone)

### Profit & Loss

Rs (cr.)	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)	FY24	FY23	YoY Growth (%)
<b>Sales</b>	<b>4,009</b>	<b>3,543</b>	<b>13.2</b>	<b>3,841</b>	<b>4.4</b>	<b>16,029</b>	<b>14,573</b>	<b>10.0</b>
<b>EBITDA</b>	<b>516</b>	<b>367</b>	<b>40.6</b>	<b>440</b>	<b>17.3</b>	<b>1,871</b>	<b>1,567</b>	<b>19.4</b>
EBITDA margins (%)	13	10	251bps	11	142bps	12	11	92bps
Depreciation	125	119	4.7	127	-2.0	497	456	9.2
<b>EBIT</b>	<b>391</b>	<b>248</b>	<b>57.8</b>	<b>313</b>	<b>25.2</b>	<b>1,374</b>	<b>1,112</b>	<b>23.6</b>
Interest	13	8	54.1	14	-11.3	49	29	67.0
Other Income	3	41	-91.7	23	-84.9	85	132	-36.1
Exceptional Items	-	-	0.0	-	0.0	-	-	0.0
<b>PBT</b>	<b>382</b>	<b>281</b>	<b>36.0</b>	<b>321</b>	<b>19.0</b>	<b>1,410</b>	<b>1,215</b>	<b>16.0</b>
Tax	98	73	34.5	81	21.9	357	311	14.6
Share of profit from associates	-	-	0.0	-	0.0	-	-	0.0
Minority interest	-	-	0.0	-	0.0	-	-	0.0
<b>Reported PAT</b>	<b>284</b>	<b>208</b>	<b>36.5</b>	<b>240</b>	<b>18.1</b>	<b>1,053</b>	<b>904</b>	<b>16.5</b>
Adjustments	-	-	0.0	-	0.0	-	-	0.0
<b>Adj PAT</b>	<b>284</b>	<b>208</b>	<b>36.5</b>	<b>240</b>	<b>18.1</b>	<b>1,053</b>	<b>904</b>	<b>16.5</b>
No. of Shares	85	85	0.0	85	0.0	85	85	0.0
<b>Adj EPS (Rs)</b>	<b>3</b>	<b>2</b>	<b>36.5</b>	<b>3</b>	<b>18.1</b>	<b>12</b>	<b>11</b>	<b>16.5</b>

### Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	17,712	20,009	17,712	20,009	-	-
EBITDA	2,161	2,601	2,161	2,641	-	1.5
Margins (%)	12.2	13.0	12.2	13.2	-	20bps
Adj. PAT	1,278	1,622	1,247	1,602	-2.4	-1.2
EPS	15.0	19.1	14.7	18.8	-2.2	-1.3

## Standalone Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>9,857</b>	<b>10,041</b>	<b>12,382</b>	<b>14,592</b>	<b>16,029</b>	<b>17,712</b>	<b>20,009</b>
% change	-6.9	1.9	23.3	17.9	9.8	10.5	13.0
<b>EBITDA</b>	<b>1,365</b>	<b>1,356</b>	<b>1,396</b>	<b>1,568</b>	<b>1,871</b>	<b>2,161</b>	<b>2,641</b>
% change	-3.3	-0.7	3.0	12.4	19.3	15.5	22.2
Depreciation	363	379	413	456	497	548	582
<b>EBIT</b>	<b>1,002</b>	<b>976</b>	<b>983</b>	<b>1,112</b>	<b>1,374</b>	<b>1,613</b>	<b>2,059</b>
Interest	9	24	38	30	49	50	45
Other Income	64	65	80	132	85	106	130
<b>PBT</b>	<b>1,035</b>	<b>1,018</b>	<b>5,719</b>	<b>1,215</b>	<b>1,410</b>	<b>1,669</b>	<b>2,145</b>
% change	-16.4	-1.7	461.8	-78.8	16.0	18.4	28.5
Tax	210	260	1,035	311	357	422	543
Tax Rate (%)	20.3	25.5	18.1	25.6	25.3	25.3	25.3
<b>Reported PAT</b>	<b>826</b>	<b>758</b>	<b>4,684</b>	<b>904</b>	<b>1,053</b>	<b>1,247</b>	<b>1,602</b>
Adj*	-217.0	0.0	4694	0.0	0.0	0.0	0.0
<b>Adj PAT</b>	<b>847</b>	<b>758</b>	<b>-10</b>	<b>904</b>	<b>1,053</b>	<b>1,247</b>	<b>1,602</b>
% change	15.1	-10.5	-101.3	-	16.5	18.4	28.5
No. of shares (cr)	85	85	85	85	85	85	85
<b>Adj EPS (Rs.)</b>	<b>10.0</b>	<b>8.9</b>	<b>-0.1</b>	<b>10.6</b>	<b>12.4</b>	<b>14.7</b>	<b>18.8</b>
% change	15.1	-10.5	-101.3	-	16.5	18.4	28.5
DPS (Rs.)	5.9	2.0	2.5	2.5	2.5	2.5	2.5
CEPS (Rs.)	14	13	5	16	18	21	26

### CASH FLOW

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Net inc. + Deprn.</b>	<b>1,398</b>	<b>1,397</b>	<b>6,131</b>	<b>1,671</b>	<b>1,907</b>	<b>2,217</b>	<b>2,727</b>
Non-cash adj.	81	50	76	42	78	65	64
Changes in W.C	(58)	191	(1,342)	(662)	(221)	(137)	(689)
<b>C.F. Operation</b>	<b>1,421</b>	<b>1,638</b>	<b>4,865</b>	<b>1,051</b>	<b>1,765</b>	<b>2,145</b>	<b>2,101</b>
Capital exp.	(655)	(655)	(600)	(600)	(600)	(600)	(600)
Change in inv.	(250)	(793)	(3,170)	(894)	-	-	-
Other invest.CF	-	-	-	-	-	-	-
<b>C.F - Investment</b>	<b>(905)</b>	<b>(1,448)</b>	<b>(3,770)</b>	<b>(1,494)</b>	<b>(600)</b>	<b>(600)</b>	<b>(600)</b>
Issue of equity	-	-	-	-	-	-	-
Issue/repay debt	-	-	-	-	-	-	-
Dividends paid	(499)	(170)	(243)	(243)	(243)	(243)	(243)
Other finance.CF	(9)	(24)	(38)	(30)	(49)	(50)	(45)
<b>C.F - Finance</b>	<b>(508)</b>	<b>(194)</b>	<b>(281)</b>	<b>(272)</b>	<b>(291)</b>	<b>(293)</b>	<b>(287)</b>
Chg. in cash	8	(3)	814	(715)	873	1,252	1,214
Closing cash	68	65	878	163	1,037	2,289	3,503

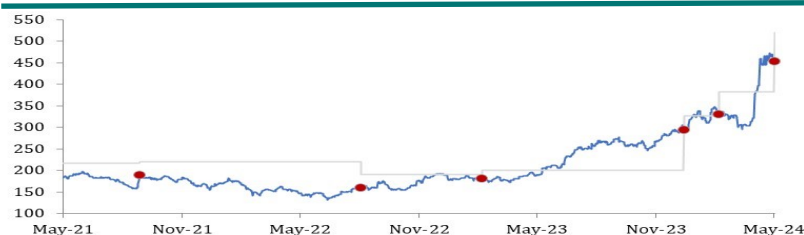
### BALANCE SHEET

Y.E March (Rs. cr)	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	68	65	878	163	1,037	2,289	3,503
Accounts Receivable	999	887	1,192	1,399	1,405	1,456	1,645
Inventories	1,803	2,346	2,458	2,934	2,881	2,838	3,159
Other Cur. Assets	392	121	283	332	364	403	455
Investments	2,265	3,059	6,229	7,123	7,123	7,123	7,123
Gross Fixed Assets	3,811	4,461	5,061	5,661	6,261	6,861	7,461
Net Fixed Assets	2,577	2,856	3,053	3,207	3,319	3,381	3,408
CWIP	220	220	220	220	220	220	220
Intangible Assets	36	31	22	12	2	-7	-16
Def. Tax (Net)	(176)	(202)	(239)	(251)	(281)	(296)	(315)
Other Assets	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>8,183</b>	<b>9,383</b>	<b>14,097</b>	<b>15,139</b>	<b>16,071</b>	<b>17,406</b>	<b>19,182</b>
Current Liabilities	515	541	705	838	910	1,002	1,115
Provisions	324	330	407	480	527	582	658
Debt Funds	0	0	0	0	0	0	0
Other Liabilities	1,030	1,610	1,642	1,816	1,819	2,003	2,230
Equity Capital	85	85	85	85	85	85	85
Reserves & Surplus	6,229	6,818	11,259	11,920	12,730	13,734	15,094
Shareholder's Fund	6,314	6,903	11,344	12,005	12,815	13,819	15,179
<b>Total Liabilities</b>	<b>8,183</b>	<b>9,383</b>	<b>14,097</b>	<b>15,139</b>	<b>16,071</b>	<b>17,406</b>	<b>19,182</b>
<b>BVPS (Rs.)</b>	<b>74</b>	<b>81</b>	<b>133</b>	<b>141</b>	<b>151</b>	<b>163</b>	<b>179</b>

### RATIOS

Y.E March	FY20A	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitab. &amp; Return</b>							
EBITDA margin (%)	13.8	13.5	11.3	10.7	11.7	12.2	13.2
EBIT margin (%)	10.2	9.7	7.9	7.6	8.6	9.1	10.3
Net profit mgn.(%)	8.6	7.6	-0.1	6.2	6.6	7.0	8.0
ROE (%)	13.8	11.5	-0.1	7.7	8.5	9.4	11.0
ROCE (%)	13.9	11.7	0.2	7.9	8.8	9.6	11.3
<b>W.C &amp; Liquidity</b>							
Receivables (days)	38.4	34.3	30.7	32.4	31.9	29.5	28.3
Inventory (days)	110.9	115.1	102.3	96.5	95.9	85.6	80.7
Payables (days)	31.0	29.3	26.5	27.6	28.8	28.6	28.5
Current ratio (x)	3.9	3.9	4.3	3.7	4.0	4.4	4.9
Quick ratio (x)	2.1	1.8	2.9	1.9	2.7	3.7	4.6
<b>Turnover &amp; Leverage</b>							
Gross asset T.O (x)	2.8	2.4	2.6	2.7	2.7	2.7	2.8
Total asset T.O (x)	1.2	1.1	1.1	1.0	1.0	1.1	1.1
Int. coverage ratio (x)	106.6	41.1	25.6	37.7	28.3	32.2	46.2
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Valuation</b>							
EV/Sales (x)	2.8	2.8	2.3	1.9	1.7	1.6	1.4
EV/EBITDA (x)	20.4	20.6	20.0	17.8	14.9	12.9	10.6
P/E (x)	32.9	36.8	-	30.9	26.5	22.4	17.4
P/BV (x)	4.4	4.1	2.5	2.3	2.2	2.0	1.8

## Recommendation summary (Last 3 Years)



Dates	Rating	Target
05 February 2021	Buy	264
05 May 2021	Buy	217
03 September.2021	Buy	220
11 August 2022	Buy	191
13 February 2023	Accumulate	200
21 December 2023	Accumulate	326
13 February 2024	Buy	382
08 May 2024	Accumulate	520

Source: Bloomberg, Geojit Research.

## Investment Criteria

Ratings	Large caps	Midcaps	Small caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10% - 15%	Upside is between 10% - 20%
Hold	Upside is between 0% - 10%	Upside is between 0% - 10%	Upside is between 0% - 10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral	-	-	-

### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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#### 5. Disclosure regarding Market Making activity:

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Geojit Financial Services Ltd. Registered Office: 34/659-P, Civil Line Road, Padivattom, Kochi-682024, Kerala, India. Phone: +91 484-2901000, Website: [www.geojit.com](http://www.geojit.com). For investor queries: [customercare@geojit.com](mailto:customercare@geojit.com). **Compliance officer:** Ms. Indu K. Address: Geojit Financial Services Limited, 34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901367; Email: [compliance@geojit.com](mailto:compliance@geojit.com). **For grievances: Grievance Officer:** Mr Nitin K; Address: Geojit Financial Services Limited,34/659 P, Civil Lane Road, Padivattom, Kochi - 682024; Phone: +91 484-2901363; Email: [grievances@geojit.com](mailto:grievances@geojit.com). Corporate Identity Number: L67120KL1994PLC008403, SEBI Stock Broker Registration No INZ000104737, Research Entity SEBI Reg No: INH200000345, Investment Adviser SEBI Reg No: INA200002817, Portfolio Manager: INP000003203, Depository Participant: IN -DP-325-2017, ARN Regn.Nos:0098, IRDA Corporate Agent (Composite) No.: CA0226.

