

January 28, 2025

RESULT REPORT Q3FY25 | Sector: Automobile

Exide Industries (EXID)

Maintain ADD; LIB ramp-up a key ahead

Valuation and View – Margin trajectory likely to be range bound

EXID's 3QFY25 results were weak with EBITDA/Adj.PAT miss of 11-20% to our and consensus. This was led by lower-than-expected revenues which remained flat YoY (-10% QoQ) while gross margins at 32% were in-line (+50bp each YoY/QoQ), primarily led favorable product mix, benign RM. Further, lead prices have declined by ~5.6%/4% in 2Q/3QFY25 YoY at Rs169.4/kg, which should fully reflect from 4QFY25E. Co indicated double digit revenue growth in 2W/PV replacement while excess channel inventory impacted Auto OEM vertical. Within industrial, Solar saw double digit growth while industrial infra remained soft due to slow government spending. Exports remained healthy.

Over the mid-long term, EXID's speedy ramp-up of lithium-ion battery (LIB) cell manufacturing and new order wins (in addition to MOU signed with Hyundai group), would be closely watched as the plant is expected to see production ramp-up over FY26E. While EXID's LAB business is expected to grow 7-8% CAGR over 3-5 years, the recent valuation correction do factor in concerns around utilization of LIB vertical given competition step-up. Consequently, despite sharp recent valuations correction, we maintain the stock to ADD as it trades at 21.2x/19.5x FY26/27 S/A EPS (v/s 10-year LPA of ~20x). We cut FY26/27 EPS by ~6.5%/7% to factor in for weak revenues and slow OEM sales. We build revenue/EBITDA/Adj.PAT CAGR of ~7%/8%/12% over FY24-27E. We value EXID at Rs408/share as we value LAB at Rs312 (16x Mar-27 EPS + 50% holdco discount to HDFC Life stake at Rs31) and value of LIB business at Rs96/share.

Result Highlight – Weak revenues dented profitability

- S/A revenues were flat YoY (-9.8% QoQ) at ~Rs38.5b (est Rs43b, cons ~Rs41.7). Co indicated double digit revenue growth in 2W/PV replacement while excess channel inventory impacted Auto OEM volumes. Within industrial, Solar saw double digit growth while industrial infra remained soft due to slow govt. spending. Exports remained healthy.
- Gross margins expanded 50bp YoY (+50bp QoQ) at 32% (est 31.9%). This should be largely led by favorable product mix as well as benign lead prices which declined QoQ by average 5.6% (-5% YoY) to Rs170.6/kg in 2QFY25 and further declined by ~4% YoY in 3Q at Rs164.1/kg. This was partially offset by +13.5% YoY growth in other exp at Rs5.2b. Consequently, EBITDA grew ~2% YoY (-7.2% QoQ) at ~Rs4.5b (est ~Rs5.4b, cons Rs5b) with margins expanded 20bp YoY (+30bp QoQ) at 11.7% (est 12.5%, cons 12.1%). Weak operating performance restricted Adj.PAT growth at ~2% YoY (-17.7% QoQ) at Rs2.45b (est Rs3.1b, cons Rs2.8b).
- Key highlights from PR - Li-ion project – Co invested further Rs4b in 3Q and ~Rs1b in Jan'25, as equity in EESL with overall investments now stands at ~Rs33b. Customer onboarding across auto and non-auto segment underway.

Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% variation		Remarks
		Yes Sec	Consensus	Yes Sec	Consensus	
Sales	38,486	43,014	41,679	-10.5	-7.7	Weak revenue, led EBITDA and PAT miss
EBITDA	4,486	5,373	5,025	-16.5	-10.7	
EBITDA margins %	11.7	12.5	12.1	-80bp	-40bp	
Adjusted PAT	2,450	3,109	2,844	-21.2	-13.9	

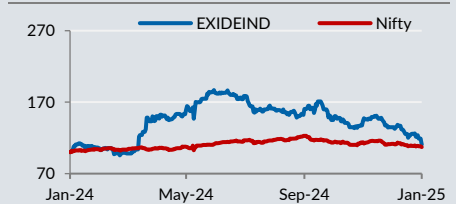
Source: Company, YES Sec

Reco	: ADD
CMP	: Rs 343
Target Price	: Rs 408
Potential Return	: +18.9%

Stock data (as on Jan 28, 2025)

Nifty	22,957
52 Week h/l (Rs)	620 / 290
Market cap (Rs/USD mn)	2,95,588 / 3,417
Outstanding Shares (mn)	850
s6m Avg t/o (Rs mn):	2,244
Div yield (%):	0.5
Bloomberg code:	EXID IN
NSE code:	EXIDEIND

Stock performance



	1M	3M	1Y
Absolute return	(17.9%)	(26.0%)	(10.6%)

Shareholding pattern (As of Dec'24)

Promoter	46.0%
FII+DII	30.3%
Others	23.7%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	408	471

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	16.2	17.6
EPS (Old)	17.3	18.9
% change	(6.5%)	(7.2%)

Financial Summary

Y/E Mar (Rs b)	2025E	2026E	2027E
Sales	167.4	180.0	194.0
EBITDA	19.7	22.0	23.3
Adj. PAT	11.5	13.8	14.9
Adj. EPS (INR)	13.5	16.2	17.6
EPS Gr. (%)	9.3	19.5	8.4
BV/Sh. (INR)	165.6	178.8	193.3
RoE (%)	8.2	9.1	9.1
RoCE (%)	8.7	9.7	9.7
Payout (%)	18.5	18.5	17.1
P/E (x)	25.3	21.2	19.5
P/BV (x)	2.1	1.9	1.8
EV/EBITDA (x)	10.1	8.8	8.0
Div. Yield (%)	0.7	0.9	0.9

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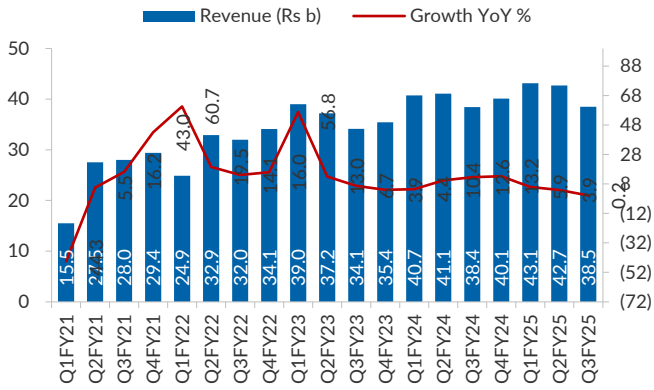
Exhibit 2: Quarterly snapshot

Y/e Mar (Rs m)	Q3FY25	Q3FY24	YoY chg	Q2FY25	9MFY25	9MFY24	YoY chg
Net Revenues	38,486	38,405	0.2	42,673	124,287	120,198	3.4
Raw Materials	26,178	26,311	(0.5)	29,213	85,286	83,823	1.7
% of Net Sales	68.0%	68.5%		68.5%	68.6%	69.7%	
Personnel	2,619	2,467	6.1	2,675	7,944	7,401	7.3
% of Net Sales	6.8%	6.4%		6.3%	6.4%	6.2%	
Manufacturing & Other Exp	5,204	5,228	(0.5)	5,948	16,792	15,422	8.9
% of Net Sales	13.5%	13.6%		13.9%	13.5%	12.8%	
Total Expenditure	34,001	34,006	(0.0)	37,837	110,022	106,646	3.2
EBITDA	4,486	4,399	2.0	4,836	14,265	13,552	5.3
EBITDA Margin (%)	11.7%	11.5%		11.3%	11.5%	11.3%	
Depreciation	1,244	1,274	(2.3)	1,270	3,772	3,726	1.2
EBIT	3,241	3,126	3.7	3,566	10,493	9,826	6.8
Interest Expenses	120	145		103	309	358	(13.6)
Non-operating income	132	227	(42.1)	528	801	811	(1.2)
Extraordinary Expenses	0	0		0	0	0	
PBT	3,253	3,208	1.4	3,991	10,985	10,279	6.9
Tax-Total	803	806	(0.3)	1,014	2,762	2,587	6.7
Tax Rate (%) - Total	24.7%	25.1%		25.4%	25.1%	25.2%	
Reported PAT	2,450	2,403	2.0	2,978	8,223	7,692	6.9
Adj. PAT	2,450	2,403	2.0	2,978	8,223	7,692	6.9
PAT Margin	6.4%	6.3%		7.0%	6.6%	6.4%	

Source- Company, YES Sec

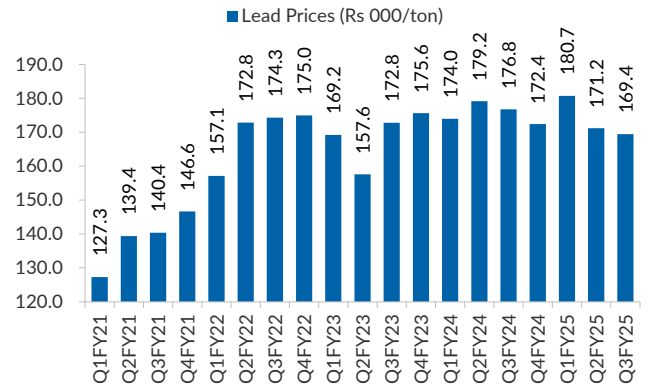
CHARTS

Exhibit 1: Revenue came in flat YoY at Rs38.5b



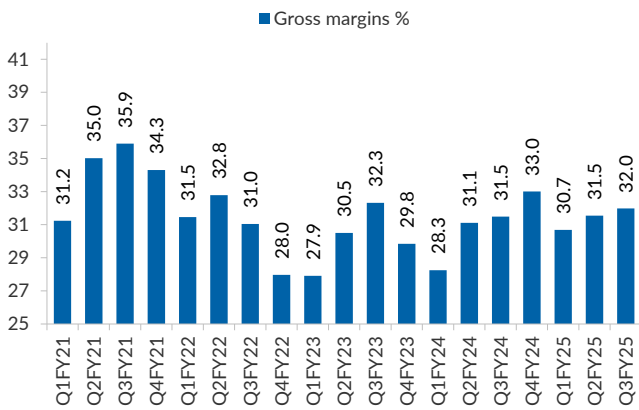
Source: Company, YES Sec

Exhibit 2: Lead price decreased to Rs169.4k/ton in 3Q



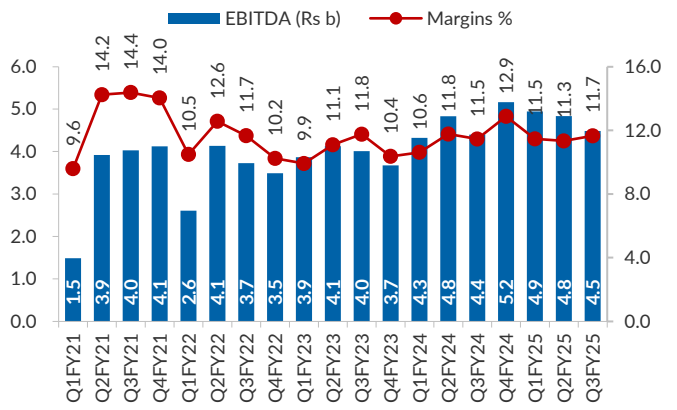
Source: Bloomberg, YES Sec

Exhibit 3: Gross margins expanded by 50bp QoQ



Source: Company, YES Sec

Exhibit 4: EBITDAM expanded ~40bp QoQ



Source: Company, YES Sec

FINANCIALS

Exhibit 5: Balance Sheet

Y/E March	2022	2023	2024	2025E	2026E	2027E
Share Capital	850	850	850	850	850	850
Reserves	105,131	111,248	130,522	139,911	151,122	163,493
Net Worth	105,981	112,098	131,372	140,761	151,972	164,343
Loans	-	-	-	-	-	-
Deferred Tax Liability	654	1,160	137	137	137	137
Capital Employed	106,635	113,257	131,509	140,898	152,108	164,479
Application of Funds						
Gross Fixed Assets	47,180	53,473	58,005	64,022	72,022	80,022
Less: Depreciation	19,802	24,970	29,353	34,402	39,949	45,224
Net Fixed Assets	27,378	28,503	28,652	29,620	32,073	34,798
Capital WIP	3,381	1,009	2,017	2,000	2,000	2,000
Investments	60,355	63,417	86,212	88,096	93,500	99,117
Curr.Assets	40,862	46,422	51,646	57,237	61,112	67,797
Inventory	24,647	29,891	32,493	33,930	36,492	39,341
Sundry Debtors	11,945	12,741	12,644	14,672	15,780	17,012
Cash & Bank Balances	1,614	745	2,227	4,164	4,032	6,261
Loans & Advances	0	-	1,000	1,044	1,123	1,211
Other Current Assets	2,656	3,045	3,282	3,426	3,685	3,973
Current Liab. & Prov.	25,341	26,093	37,018	36,055	36,576	39,233
Sundry Creditors	16,254	18,036	27,052	20,633	19,725	21,265
Other Liabilities	5,173	4,544	5,945	11,004	11,835	12,759
Provisions	3,914	3,514	4,021	4,418	5,016	5,208
Net Current Assets	15,521	20,329	14,628	21,182	24,536	28,565
Application of Funds	106,635	113,257	131,509	140,898	152,108	164,479

Source: Company, YES Sec

Exhibit 6: Income statement

Y/E March	2022	2023	2024	2025E	2026E	2027E
Total Operating Income	124,101	145,919	160,292	167,357	179,994	194,046
Change (%)	23.6	17.6	9.8	4.4	7.6	7.8
Total Expenditure	110,119	130,239	141,578	147,623	158,006	170,786
EBITDA	13,983	15,680	18,714	19,734	21,988	23,260
EBITDA Margins (%)	11.3	10.7	11.7	11.8	12.2	12.0
Change (%)	3.1	12.1	19.3	5.5	11.4	5.8
Depreciation	4,131	4,558	4,975	5,049	5,547	5,275
EBIT	9,851	11,122	13,739	14,685	16,441	17,984
Deferred Revenue Exp.	-	-	-	-	-	-
Interest Charges	394	295	486	437	525	630
Other Income	805	1,324	845	1,145	2,190	2,278
EO Exp/(Inc)	(46,938)	-	-	-	-	-
PBT	57,199	12,151	14,099	15,393	18,106	19,632
Tax	10,356	3,115	3,569	3,879	4,346	4,712
Effective Rate (%)	18.1	25.6	25.3	25.2	24.0	24.0
Rep. PAT	46,843	9,036	10,530	11,514	13,761	14,921
Change (%)	517.8	(80.7)	16.5	9.3	19.5	8.4
Adj. PAT	8,404	9,036	10,530	11,514	13,761	14,921
Change (%)	10.8	7.5	16.5	9.3	19.5	8.4

Source: Company, YES Sec

Exhibit 7: Cash Flow Statement

Y/E March	2022	2023	2024	2025E	2026E	2027E
OP/(Loss) before Tax	57,199	12,151	14,099	14,685	16,441	17,984
Interest/Dividends Received	(156)	(233)	(237)	1,145	2,190	2,278
Depreciation & Amortisation	4,131	4,558	4,975	5,049	5,547	5,275
Direct Taxes Paid	(10,472)	(3,212)	(3,707)	(3,879)	(4,346)	(4,712)
(Inc)/Dec in Working Capital	(3,479)	(4,538)	4,874	(4,617)	(3,486)	(1,800)
Other Items	(93,957)	(242)	(38)	-	-	-
CF from Oper. Activity	(46,733)	8,484	19,965	12,384	16,346	19,026
Extra-ordinary Items	46,938	-	-	-	-	-
Other Items	-	-	-	-	-	-
CF after EO Items	205	8,484	19,965	12,384	16,346	19,026
(Inc)/Dec in FA+CWIP	(5,795)	(3,716)	(4,903)	(6,000)	(8,000)	(8,000)
Free Cash Flow	(52,528)	4,768	15,063	6,384	8,346	11,026
(Pur)/Sale of Invest.	8,549	(5,162)	(11,269)	(1,884)	(5,404)	(5,617)
CF from Inv. Activity	2,754	(8,878)	(16,172)	(7,884)	(13,404)	(13,617)
Issue of Equity	-	-	-	(0)	0	(0)
Inc/(Dec) in Debt	(67)	(101)	-	-	-	-
Interest Rec./ (Paid)	(482)	(360)	(601)	(437)	(525)	(630)
Dividends Paid	(1,700)	-	(1,700)	(2,125)	(2,550)	(2,550)
CF from Fin. Activity	(2,249)	(461)	(2,301)	(2,562)	(3,075)	(3,180)
Inc/(Dec) in Cash	709	(855)	1,493	1,937	(132)	2,229
Add: Beginning Balance	825	1,614	745	2,227	4,164	4,032
Closing Balance	1,534	759	2,238	4,164	4,032	6,261

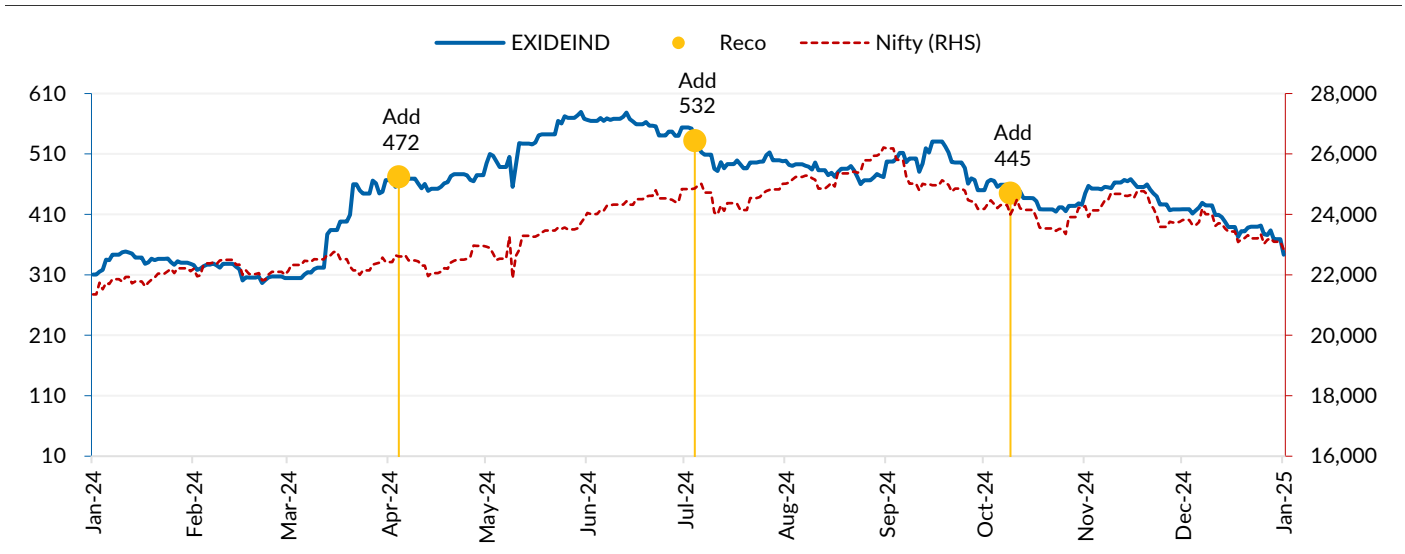
Source- Company, YES Sec

Exhibit 8: Growth and Ratio matrix

Y/E March	2022	2023	2024	2025E	2026E	2027E
Basic (INR)						
EPS	9.9	10.6	12.4	13.5	16.2	17.6
Cash EPS	14.7	16.0	18.2	19.5	22.7	23.8
Book Value per Share	124.7	131.9	154.6	165.6	178.8	193.3
DPS	3.2	2.0	2.0	2.5	3.0	3.0
Payout (Incl. Div. Tax) %	32.4	18.8	16.1	18.5	18.5	17.1
Valuation (x)						
P/E	34.7	32.3	27.7	25.3	21.2	19.5
Cash P/E	23.3	21.4	18.8	17.6	15.1	14.4
EV/EBITDA	16.4	14.5	10.9	10.1	8.8	8.0
EV/Sales	1.8	1.6	1.3	1.2	1.1	1.0
Price to Book Value	2.8	2.6	2.2	2.1	1.9	1.8
Dividend Yield (%)	0.9	0.6	0.6	0.7	0.9	0.9
Profitability Ratios (%)						
RoE	7.9	8.1	8.0	8.2	9.1	9.1
RoCE	10.0	8.5	8.9	8.7	9.7	9.7
RoIC	20.9	18.5	23.0	25.1	25.2	24.9
Turnover Ratios						
Debtors (Days)	35.1	31.9	28.8	32.0	32.0	32.0
Inventory (Days)	72.5	74.8	74.0	74.0	74.0	74.0
Creditors (Days)	47.8	45.1	61.6	45.0	40.0	40.0
Working Capital (Days)	59.8	61.5	41.2	61.0	66.0	66.0
Gross Fixed Asset Turnover (x)	2.6	2.7	2.8	2.6	2.5	2.4
Leverage Ratio						
Debt/Equity (x)	-	-	-	-	-	-

Source- Company, YES Sec

Recommendation Tracker



Source - YES Sec

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Analyst signature

Analyst signature

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