

Initiating Coverage Exide Industries Ltd.

11-January-2021





Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Auto Parts - Batteries	Rs 198.4	Buy at LTP and add on dips to Rs 173-175 band	Rs 222	Rs 238	2 quarters

HDFC Scrip Code	EXIINDEQNR
BSE Code	500086
NSE Code	EXIDEIND
Bloomberg	EXID: IN
CMP Jan 08, 2021	198.4
Equity Capital (Rs cr)	85
Face Value (Rs)	1
Equity Share O/S (cr)	85
Market Cap (Rs cr)	16851
Book Value (Rs)	74
Avg. 52 Wk Volumes	4378133
52 Week High	208.1
52 Week Low	121.9

Share holding Pattern % (Sep, 2020)	
Promoters	46
Institutions	40
Non Institutions	14
Total	100.0

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Our Take:

Exide Industries is one of the leading battery manufacturers in India catering to automobiles and industrial segments. The company is present in the OEM as well as replacement and export segments. Exide is the market leader in the organized lead acid battery segment, commanding a lion market share in the domestic market. In organized OEM segment, its overall market share 3/4W is ~60% while 2W it is ~65%. In the organized replacement market side, its market share in 2Ws is at ~50% while for 4W it is about 58%. Exide has a huge distribution network with a strong brand image in India. Lockdown due to COVID-19 impacted the offtake across product segments during Q4FY20 and Q1FY21 however the company registered healthy performance during Q2FY21. We expect the replacement demand to recover faster while OEM segment may recover gradually. Replacement segment contributes to over 60% of its automotive revenues. Also, organised players are expected to continue gaining market share in the auto replacement segment due to GST and stricter environmental norms. As per the company, around 40% of the replacement market is unorganized and this is expected to shift to organized players on the back of policies such as GST, BMHR etc. Company has the widest distribution network in the industry with 170 company owned company operated (CoCo) service centres. Exide is the market leader in all industrial applications except Telecom. Company is the leader in inverter batteries (IUPS) with around 36% market share as on FY20.

Exide is the largest battery manufacturer in the lead acid battery markets, commanding market share of about 50% in the organised market. It has a strong brand equity and extensive distribution network with 150+ warehouses and 48,000 direct & indirect dealers. Exide is a debt free company on a standalone basis with healthy return ratios. Company has done large capex in FY18 and FY19 for the Haldia unit in West Bengal, which has made Exide as one of the largest integrated and self-sufficient battery-making centres in South East Asia, focusing on recycled lead to finished battery. During the last five years, the company has spent significant amount around Rs 2700cr in capital expenditure (CAPEX). CAPEX has helped enhance manufacturing capacity and upgrade technology, improving performance of automotive batteries and other energy storage applications. In India, we believe EV adoption is likely to be quite slow and would be over the next 3-5 years. Thus, we do not see any significant risk to long-term growth of lead acid battery manufacturers like Exide. As on FY20, exports were around 7% of sales and the company aims to double it over the next three years. Company targets sales growth at least 200bps higher than market growth. The battery market largely a duopoly play (Amara Raja being the other player), Exide is likely to perform well in the automotive segment in a challenging demand scenario. Steady lead prices, better product mix and cost control measures would augment margins.



View & Valuation:

Exide's growth story is premised on (1) Healthy growth in OEMs and the replacement segment (through product up-gradation along with innovative marketing campaign), (2) Capturing market share from unorganised players (3) Pick up in industrial battery segment and (4) Improvement in utilization levels and strong free cash flow generation post larger part of heavy capex done over the past five years (5) Exide's export business has been constantly growing faster than domestic business. Exports over FY17-20, grew at CAGR 22% contributing 7% of overall revenues in FY20 vs. 5% in FY17. It plans to double its exports over next 3 years with market share gains across regions. (6) Exide has been working with Indian OEMs in the EV space, for both lithium ion and lead acid batteries. As per management commentary, Exide can generate about revenues of Rs 1000cr on full-scale utilisation in this lithium ion capacity. It is expecting ~60% utilization in three years.

We estimate revenue to grow at 6.8% led by auto and industrial segments and net profit at 6% CAGR over FY20-23E, while margins are expected to remain steady at around 13-14%. Exide is working on several cost-control measures to improve profitability, such as increasing backward integration, diversifying supplier base, enhancing automation and enhancing digital initiatives.

Life insurance business also has immense opportunities for growth given low penetration, favourable demographics, rising household income and the increasing awareness of the need for financial protection. We have valued insurance business at 1x of its Embedded Value of FY20. Company had EV of Rs 2550cr in FY20. We value the insurance business at ~1x EV FY20, which comes to around Rs 30 per share. We feel that investors' can buy Exide Industries at LTP (15.8x Sept22E EPS + Rs.30 insurance subsidiary value) and add on dips to Rs 173-175 band (13.5x Sept22E EPS + Rs.30 insurance subsidiary value) for base case fair value of Rs 222 (18.0x Sept22E EPS + Rs.30 insurance subsidiary value) and bull case fair value of Rs 238 (19.5x Sept22E EPS + Rs.30 insurance subsidiary value) in the next 2 quarters.



Financial Summary (Standalone)

Particulars (Rs cr)	Q2 FY21	Q2 FY20	YoY (%)	Q1 FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Revenues	2753	2611	5.4	1548	77.9	10,588	9,857	9,551	10,917	12,020
EBITDA	392	367	6.8	149	164.0	1411	1365	1235	1466	1687
Depreciation	95	90	6.1	91	4.3	314	363	383	413	440
Other Income	15	6	164.3	7	111.4	39	64	54	62	74
Interest Cost	6	2	250.0	1	350.0	6	9	13	11	8
Tax	76	44	73.6	19	306.4	395	210	224	277	330
APAT	229	237	-3.5	44	420.5	736	826	671	830	981
EPS (Rs)						9.9	9.7	7.9	9.8	11.5
RoE (%)						14.8	13.4	10.3	11.8	13.0
P/E (x)						19.9	20.4	25.1	20.3	17.2
EV/EBITDA						11.4	11.8	13.0	11.0	9.5

(Source: Company, HDFC sec)

Q2FY21 result update

Exide Industries had registered strong Q2FY21 performance. Standalone net sales in Q2FY21 were at Rs 2,753 crore (up 5.5% yoy). Topline growth was driven by healthy replacement demand in the automotive and UPS segment with OEM and institutional demand gaining traction during the latter part of the quarter. EBITDA grew 7% yoy at Rs 392 crore with corresponding margin at 14.2%. Margin performance was steady amid higher raw material (RM) costs, partly mitigated by savings in other expenses. Standalone PAT was down 3.5% yoy due to higher tax expenses at Rs 229 crore.

FY20 results highlights

For the year FY20, Exide reported 7% yoy decline in revenues at Rs 9857cr while EBITDA margin improved 50bps yoy due to benefit of lower RM prices. Gross margins increased 220bps for the year. Higher other income and lower tax helped company to report better profitability; PAT declined by 2% yoy at Rs 826cr for FY20. Company had recorded exceptional loss of Rs 21.7cr in FY20. Decline in volumes for the year can be attributed to (1) low double-digit decline in OEM volumes, (2) Weak Performance from telecom and inverter segment. Exide's revenue underperformance in FY20 came after two consecutive years of outperformance (FY18 and FY19) over its closest peer.



Haldia unit - one of the biggest battery making centres in South East Asia (SEA)

Exide has incurred capital expenditure of around Rs 2,300cr over FY17-20. A bulk of the capex has been invested in two new projects that include a Greenfield battery recycling plant and also the expansion of the current battery manufacturing capacities. This has turned the Haldia unit into one of the biggest battery-making centres in South East Asia. Haldia is already a major manufacturing hub for the company, accounting for one-third of its total battery production.

The company has set up a 40,000 square metre shed to carry out three activities. These include the manufacturing of Nickel-Cadmium batteries, setting up of a mega charging station, and an additional battery-manufacturing capacity. Nickel-Cadmium batteries will be manufactured in technical collaboration with Furukawa of Japan, and find application in bullet trains and the metro rail.

The company has set up the country's largest lead recycling plant, with a monthly capacity of 15,000 metric tones in a technical tie- up with Italy's Energitech Technologies. The two existing recycling units are in Pune and Bangalore, with a combined monthly capacity of 11,500 metric tones.

With the Haldia recycling unit, Exide is largely self-sufficient in its lead requirements, which are met through 2 lead-smelting units in Pune and Bangalore, with a combined monthly capacity of 11,500 metric tones and now at Haldia. This has increased the total capacity of the company's in-house lead availability to 26,500 metric tones. It will help Exide fetch higher margins, and give the company a competitive advantage, as no other player has this large an in-house lead-recycling capacity. However when lead prices are falling, Exide would lose out because of its large captive lead recycling capacity.

Lead and lead alloys are key inputs for Exide, forming about 70% of the value of raw material consumed. Exide imports ~30% of its requirement while it buys the rest domestically including ~40% from its own smelters.

Largest Player in India for Auto and Industrial applications

Exide Industries (Exide) is India's largest manufacturer of lead acid storage batteries for both automotive and industrial applications. Company is the only player in the world to manufacture lead acid battery for all applicable verticals.

Automotive division: The automotive division primarily caters to the requirements of major vehicle manufacturers and aftermarket sales. It offers an extensive portfolio of batteries for four-wheelers, two- wheelers, three-wheelers, Tractors, E-rickshaws, inverter and Home-



UPS. Exide primarily sells automotive batteries in the domestic market under brand names like Exide, SF Sonic and Dynex, and concentrates on the Dynex, Index and Sonic brands for the export segment.

Industrial division: The industrial battery division caters to power, telecom, renewable energy, infrastructure, railways and defence segments. It offers a wide range of lead acid storage batteries, ranging from 5 Ah to 20,200 Ah capacity. Domestic industrial battery brands are Exide, SF and CEIL, while international brands are Exide, CEIL, Chloride and Index.

Submarine division: Company manufactures high-end submarine batteries, conforming to stringent technical specifications and quality control standards. These are very high-capacity (~20,000 Ah) specialised batteries for all submarine applications. Exide is one of the few battery manufacturers that is capable of manufacturing submarine 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.

Automotive replacement segment to see better growth

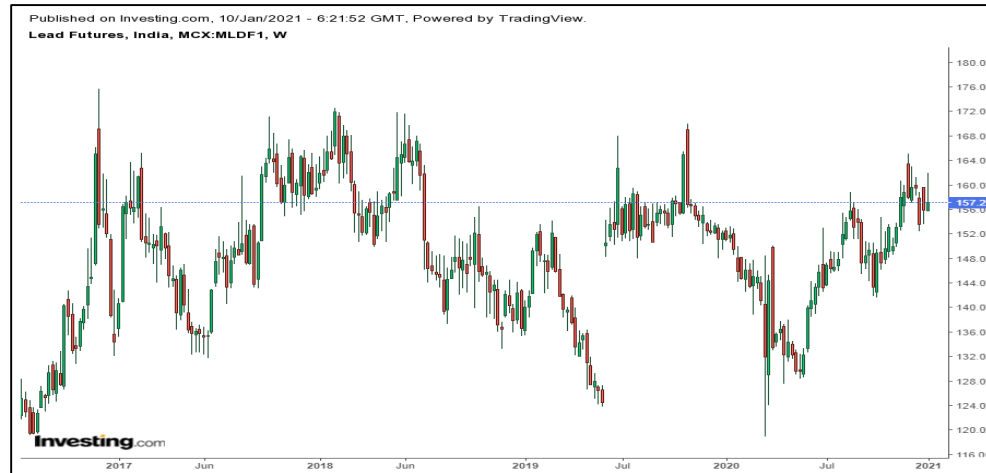
In India, 2.5-3mn vehicles have been sold every year over the last five years. This provides a large and growing aftermarket opportunity for batteries. Automotive replacement demand forms > 35% of Exide revenues and is expected to recover sharply as the Government has allowed businesses to resume. Automotive battery is used for SLI (starting, lighting and ignition) requirement, which are key functions for running the vehicle and demand in the aftermarket segment tends to remain steady even during challenging times. Further, post GST implementation, organised players like Exide are gaining market share from unorganised players. Moreover, stricter enforcement of environmental norms relating to scrapping of old batteries would lead to market share gains for organized players. We believe that the automotive replacement demand would report flat to marginal growth as compared to decline in the automotive OEM segment in FY21. Exide remains a preferred battery manufacturer for new OEMs in India such as Morris Garages (MG) and Kia Motors in addition to continuing to cater to the older OEMs.

Steady lead prices, better mix & cost control measures to augment margins

Lead and lead alloys are key raw material for the battery players and its prices were on a declining trend due to weak global demand on account of COVID-19. Prices of lead which forms large part of the raw materials for battery players had declined in the first quarter however it has increased 9% qoq in Q2FY21. The share of high margin automotive replacement business is expected to go up given the



faster recovery anticipated which would further help in better margins. Exide is also focusing on technological upgradation with help of the latest technology, Exide is targeting to reduce the power consumption and overall manufacturing time for battery production.



Capturing market from unorganised players post GST

The share of the unorganised segment in the replacement market has been gradually declining, but is still at 40%, according to industry sources. The price difference between organised and unorganised players was big, which has now shrunk. In the two-wheeler segment, demand for imported batteries from countries like Thailand, China, Taiwan, and Korea among others has been reducing for the last 2-3 years because of higher import duties and lack of after sales services. To tap the share of unorganised players, Exide is increasingly promoting competitively-priced brands (like Dynex, with a shorter warranty period), and also increasing its reach in the semi-urban and rural markets. We expect the share of unorganised players to reduce to around 30% by FY23.

Strengthening its position in the high margin replacement market

The average life of a vehicle is 12-15 years, while a battery's life is around 3 to 3.5 years, after which it has to be replaced with a new one. Rising auto sales and the structure of the Indian auto industry displays great potential for the replacement market. The replacement



segment revenue contribution is higher than OEM. This segment is also a high-margin business because of its B2C structure. Exide has almost 50% market share in the replacement segment of both 2Ws and 4Ws.

Exide has made a number of corrective actions to recover lost market share in the automotive replacement segment. These include an improvement in after-sales services and faster turnaround time for warranty claims. Additionally, the company has also tried to narrow the price gap with its closest peer. The company started using punched grid technology, which helps to produce more resistant and longer-life batteries. The company is also focusing on expanding its distribution network in the semi-urban and rural markets, and offering greater incentives to dealers.

Exide-Leclanche JV progressing well

Taking a lead in India's nascent lithium-ion battery market, Exide formed a JV with Leclanche of Switzerland, which is now progressing well. Capacity of 1.5GWh with six production lines has come on stream for battery pack assembly. Exide's investment in the JV has gone up from Rs 40cr in FY19 to around Rs 180cr in FY20, for 80% stake.

The company is concentrating on value-addition on module making and Battery Management Systems (BMS) - and not cell manufacturing at present as it gives them the flexibility to take on the market the way it develops.

Exide has also collaborated with E-Coult for Battery Management Systems (BMS) and energy storage solutions based on the ultra-battery technology. The capacity is used for both automotive and industrial applications such as Telecom, UPS, and energy storage. Exide has built in maximum flexibility at its lithium ion factory, having capacities for all types of modules: cylindrical, prismatic, and pouch form.

Prismatic capacity has been fully commissioned and validated in Dec-2020. The first bulk order has been received for 3,000 battery packs for an electric 3W from a large OEM player for Rs 18cr. This line will be also used for making e-bus and telecom modules. The JV has set up an R&D centre in Bengaluru where several product development programmes are underway. Many pilot orders have been collected from multiple automotive OEMs, as well as large telecom operators, UPS manufacturers and solar PV companies. As per management commentary, Exide can generate about revenues of Rs 1000cr on full-scale utilisation in this lithium ion capacity. It is expecting ~60% utilization in three years.



The modules produced by the lines are assembled into low voltage and high voltage packs.

Low Voltage Pack Line: This has been commissioned and ready for production. The line will be used for making modules into packs for all low-voltage applications such as 2W, 3W, Telecom and UPS.

High Voltage Pack Line: This line has been commissioned and is ready for production. HV line to be used for making high-voltage packs for bus/car and other high voltage applications.

Technology tie-ups with foreign players

The company's growth has largely been focused on technological collaborations. Following collaborations have been entered into in the past or are underway or planned over the medium to long-term:

1. Hitachi Chemicals Co., Japan: Exide formed a partnership with Hitachi, Japan in 1990s for a range of advanced high-power automotive batteries as well as VRLA industrial range of products.
2. Furukawa Battery Company, Japan: Exide has a technical assistance and collaboration agreement with Furukawa for various automotive applications spanning both 2Ws and 4Ws. The entire range is being upgraded to comply with BSVI emission norms. The company is also developing Ultra batteries in collaboration with Furukawa.
3. EastPenn Manufacturing, USA: Company collaborated with EastPenn for automotive and industrial batteries. Exide has recently developed the industrial ultra-battery for energy storage application, which is ready for commercial deployment. The company is also developing Ultra batteries in collaboration with EastPenn.
4. Moura Batteries, Brazil: With stricter energy norms and more stringent measures likely to be enforced, there is likely to be higher demand for more sophisticated car batteries. In anticipation of the same, Exide collaborated with Moura, to develop advanced automotive batteries required for BS-VI compliant vehicles.
5. Leclanché, Switzerland: Exide entered into a JV with an 80% share for lithium ion (Li-ion) batteries. The JV is has a production scale of 1.5GWh with six production lines ordered for the battery pack assembly for cylindrical, prismatic and pouch cells.



6. E-Coult, Australia: Exide collaborated with E-Coult for Battery Management Systems (BMS) and energy storage solutions based on the ultra-battery technology. These are heavier batteries, which are voluminous, and can replace stationary batteries wherever possible.
7. Advanced Battery Concepts, USA: Exide is the fourth company globally that, in collaboration with ABC, has licensed bi-polar batteries, which should change the perception around lead acid batteries. These batteries could also reduce lead requirement by about 40%, resulting in lower costs.

Foraying into newer growth opportunities

To take advantage of emerging market opportunities, Exide is continuously focusing on product development and product innovation. Recently, the company has forayed into many newer products that can open future growth opportunities. Company has also increased its footprint by reaching out to five new overseas markets, expanding its international presence in 50 countries.

E-rickshaw: To capture the rapidly-growing E-rickshaw market, the company has launched several new products and is also leveraging the early-mover advantage by reaching out to thousands of E-rickshaw drivers directly through on-ground initiatives. It launched E-Ride Tubular Plus with 12-months warranty in FY18, and it is developing VRLA batteries with a high power-to-energy ratio exclusively for the e-rickshaw segment. Frost & Sullivan stated in a recent report that e-rickshaws in India will grow to 1mn units by 2025 from 0.4mn in 2019. Almost 98% of total e-rickshaws in India are powered by lead-acid batteries.

Lithium-ion battery: The falling cost of the lithium-ion battery is a matter of concern for the demand of lead acid batteries. Hence, Exide is trying to mitigate this risk by foraying into the designing and manufacturing of lithium-ion batteries through a technical JV with Leclanché SA (Switzerland-based energy storage Solution Company). The company has launched the Li-ion battery for application in telecom, traction and energy storage.

Opportunities from increase in renewable energy generation:

The government's earlier renewable energy target of 175GW by 2030 has been further enhanced to 450GW. This would result in higher demand for energy storage systems in India. Increased renewable component in overall energy mix necessitates frequency stabilization and also handling of peak demand in morning and evening hours all of which will drive up energy storage needs. Stationary lead-acid batteries are more efficient in storage of energy obtained from renewable sources such as wind and solar and are more suitable in installations in the offshore and onshore platforms to store, supply and direct electric power.



Life insurance business

Exide has a presence in the life insurance business through its fully-owned subsidiary Exide Life insurance. The company initially started in 2001 as ING Vysya Life Insurance, where Exide held 50% stake. In 2014, Exide bought the remaining share from ING, and renamed it Exide Life insurance. Exide Life had AUM of around Rs 15,800cr (~+10% yoy) as on Mar-2020. The company serves over 15 lakh customers across 200 cities in India. The company earned Rs 3220cr total premium income for FY20 while Exide's total investment behind the insurance business stood at Rs. 1680cr as on FY20. Going forward, no further capital infusion is likely in this business. Company guides for flat numbers for FY21 given the Covid-19 outbreak. Company has an Embedded Value (EV) of about Rs 2550cr as on Mar-2020.

Exide Life Insurance distributes its products through multi-channels viz. agency, bancassurance, corporate agency & broking, direct channel and online. The agency channel comprises 45,000+ advisors who are attached to over 200 company offices across the country. The company also offers group life insurance solutions.

Key Risks

- A prolonged slowdown in automotive volumes on account of COVID-19 or other reasons in future may hinder company's overall performance.
- A surge in lead prices and time lag, if any, to pass on the same could adversely impact OPM as lead is one of the key raw materials for the company.
- If Exide is unable to retain market share in the more lucrative replacement market, there could be downside risks to growth.
- Company derives significant revenues from industrial battery segment and telecom towers, economic slowdown can hurt the segment performance.
- Adverse currency movement may remain risk to its profitability.
- Any further aggressive investments behind the insurance business can impact consolidated free cash flow generation and return ratios of the company.

- With developments in the packaging of batteries and their construction, the durability and storage capacities of lead-acid batteries have improved considerably. This has led to longer time interval of replacement of batteries impacting demand.
- Emerging popularity of EV (electric Vehicles) which use Lithium ion batteries is one of the biggest risk to lead acid batteries growth on a terminal growth basis. However while lithium-ion batteries are the favoured options for EVs and grid-scale energy storage application, lead-acid batteries continue to stay ahead in terms of production costs and recycling (up to 99% recyclable), making them more affordable energy storage solutions.
- Growth moderation in UPS segment due to improving power availability in India also remains a risk.
- According to reports, Tata Chemicals is likely to set up a huge manufacturing facility for lithium-ion cells in Gujarat by seeking incentives under the PLI scheme. The company has acquired land for the proposed facility in the Dholera region of Gujarat. If true, this could speed up the transition to EVs in India.
- Tesla Motors, the renowned electric car maker plans to enter Indian market in 2021. This could be a challenge as well as create opportunities for the existing lead acid manufacturers.

Company Background

For more than seven decades, Exide Industries has been one of India's most reliable brands, enjoying unrivalled reputation and recall. A leader in packaged power technology, Exide is India's largest storage battery company with the widest range of both conventional flooded as well as latest VRLA batteries. Constant emphasis on innovation, extensive geographic footprint, strong relationship with marquee clients and steady technology upgrades with global business partners have made the company a frontrunner in the lead-acid storage batteries space for both automotive and industrial applications. Exide designs, manufactures, markets and sells the widest range of lead acid storage batteries in the world to cover the broadest spectrum of applications. It is constantly upgrading its technology and also acquiring new technology to meet the ever increasing demands of its customers. In addition to in-house R&D Centre recognised by the Government of India's Department of Scientific and Industrial Research (DSIR), Exide also acquires new technology through technical collaboration agreements with leading international battery manufacturers. Out of the nine factories, seven factories are dedicated to manufacturing batteries and the other two for home UPS Systems. Company manufactures batteries for automotive, power, renewable

energy, telecom, infrastructure projects, as well as the railways, mining and defence sectors and also solar projects and submarines. Company derives about 52% of its revenues from automotive segment while around 48% revenues from industrial battery segment. Exide derived ~15% of its industrial segment revenues from exports and targets it to double the size by FY23. The Indian lead-acid battery market was about US\$ 5bn in FY20 and is likely to contract in FY21 due to the covid-19 impact. Exide also has a presence in the Life Insurance business through its fully-owned subsidiary, namely Exide Life insurance. Exide Life had AUM of around Rs 15,800cr (~+10% yoy) as on Mar-2020.

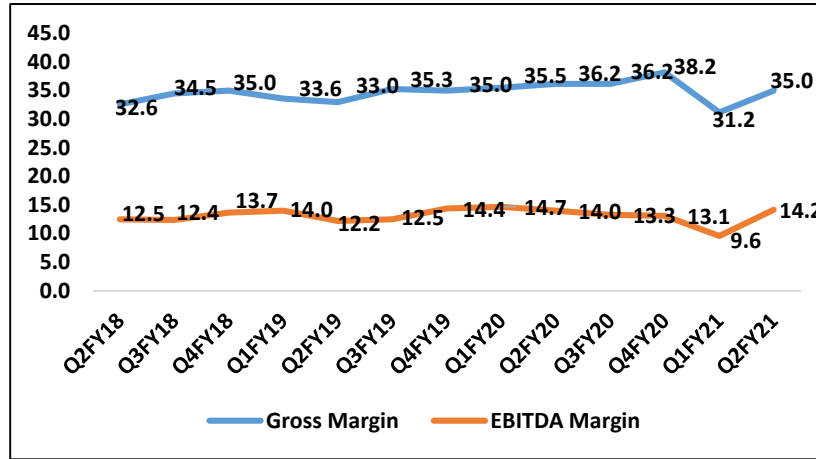
Peer Comparison

Company	Mcap (Rs cr)	Revenue				EBITDA Margin (%)				PAT				RoE (%)			
		FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Amara Raja	17117	6840	6024	6984	8026	16.1	15.1	16	16.3	661	571	688	821	19	15	15.6	16.5
Exide	16851	9857	9384	10993	11960	13.8	12.9	13.4	14.0	826	672	861	959	13.4	10.3	12.3	12.6

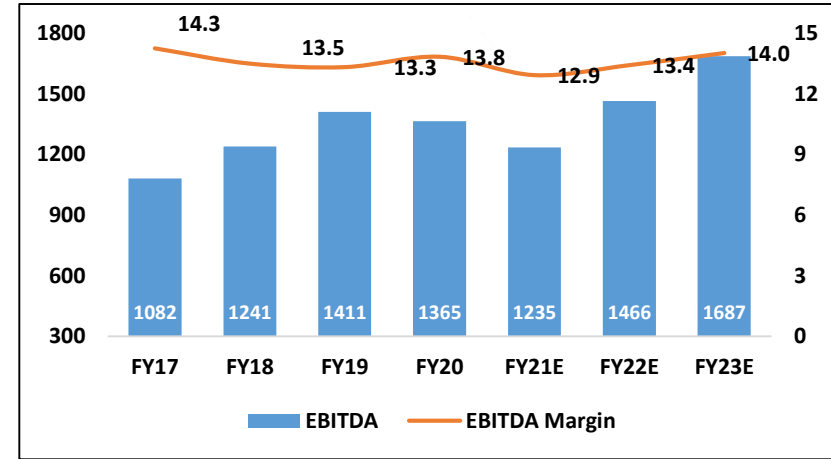
Company	P/B				P/E			
	FY20	FY21E	FY22E	FY23E	FY20	FY21E	FY22E	FY23E
Amara Raja	4.3	3.9	3.5	3.1	23.9	28.5	23.8	20
Exide	2.7	2.5	2.3	2.1	20.4	25.1	20.3	17.2

Source: Company, HDFC sec Research

Quarterly Margin Trend (%)

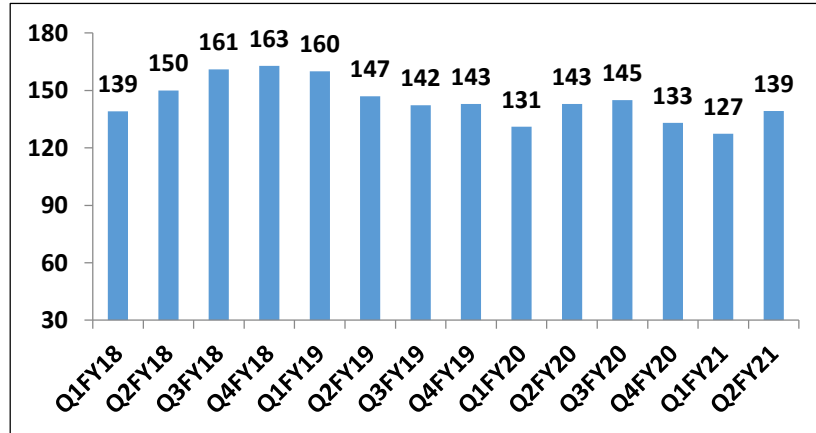


EBITDA and EBITDA Margin (%)



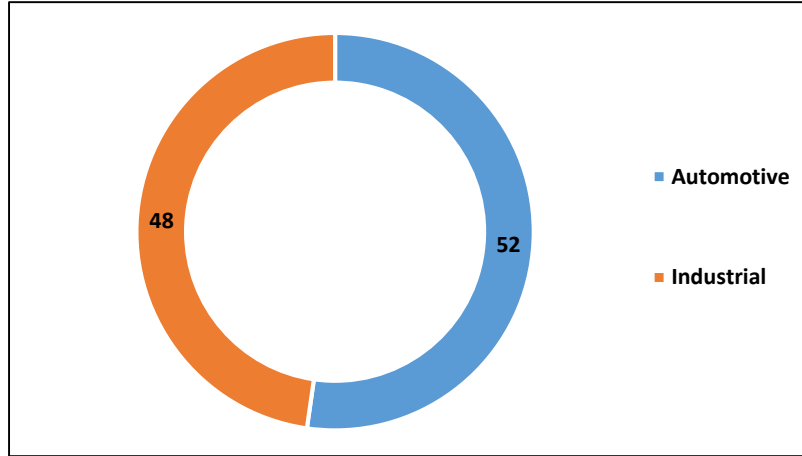
Source: Company, HDFC sec Research

Lead Price Trend (Rs/kg)

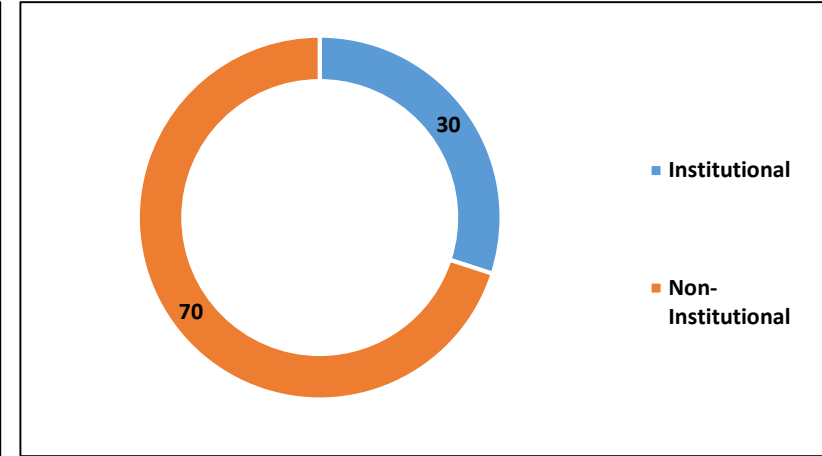




Revenue Mix (%)

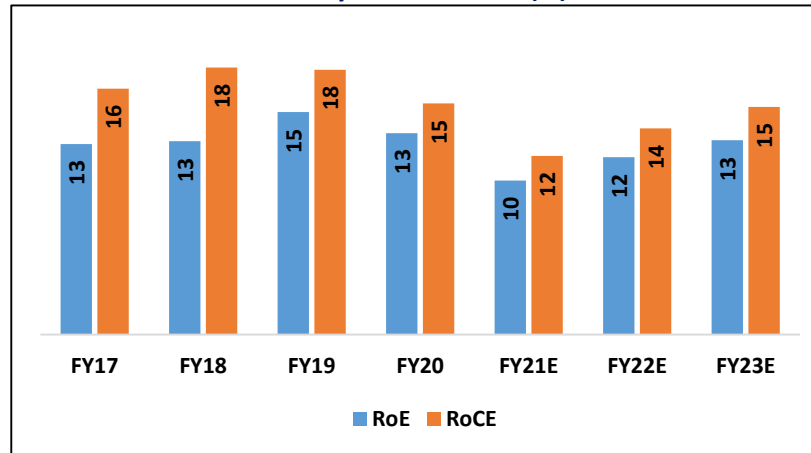


Revenue Split (%)



Source: Company, HDFC sec Research

Healthy Return Ratios (%)



Income Statement (Standalone)

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Total Income	10588	9857	9551	10917	12020
Growth (%)	15.3	-6.9	-3.1	14.3	10.1
Operating Expenses	9177	8492	8316	9451	10333
EBITDA	1411	1365	1235	1466	1687
Growth (%)	13.8	-3.3	-9.5	18.7	15.1
EBITDA Margin (%)	13.3	13.8	12.9	13.4	14
Depreciation	314	363	383	413	440
EBIT	1098	1002	852	1052	1247
Other Income	39	64	54	62	74
Interest	6	9	13	11	8
PBT	1130	1035	893	1103	1313
Tax	395	210	224	277	330
RPAT	736	826	671	830	981
Growth (%)	26.3	-2.2	-18.7	23.7	18.2
EPS	9.9	9.7	7.9	9.8	11.5

Balance Sheet (Standalone)

As at March	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS					
Share Capital	85	85	85	85	85
Reserves	5902	6211	6664	7190	7779
Shareholders' Funds	5987	6296	6749	7275	7864
Long Term Debt	0	27	218	179	144
Net Deferred Liabs	175	102	94	94	94
Long Term Provisions & Others	52	73	85	98	110
Total Source of Funds	6214	6498	7147	7645	8211
APPLICATION OF FUNDS					
Net Block	2521	2599	2536	2462	2253
Intangibles	32	37	40	40	40
Non-Current Investments	2148	2266	2320	2438	2575
Total Non-Current Assets	4701	4902	4896	4940	4867
Current Investments	254	19	340	408	492
Inventories	1804	2192	1973	2159	2364
Trade Receivables	1081	815	911	996	1087
Short term Loans & Advances	14	15	18	22	27
Cash & Equivalents	74	155	730	940	1270
Other Current Assets	246	144	170	183	231
Total Current Assets	3472	3340	4141	4708	5470
Trade Payables	1143	1030	1132	1221	1314
Other Current Liab & Provisions	547	417	451	465	483
Short-Term Provisions	269	296	302	311	321
Total Current Liabilities	1958	1744	1890	2002	2125
Net Current Assets	1514	1597	2251	2706	3345
Total Application of Funds	6214	6498	7147	7645	8211

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	1238	1035	895	1106	1311
Non-operating & EO items	-341	-64	-54	-62	-74
Interest Expenses	6	9	13	11	8
Depreciation	314	363	383	413	440
Working Capital Change	-89	0	-82	-244	-309
Tax Paid	-395	-210	-224	-277	-330
OPERATING CASH FLOW (a)	734	1134	931	948	1046
Capex	-653	-441	-320	-340	-230
Free Cash Flow	81	693	611	608	816
Investments	-195	-84	-54	-117	-137
Non-operating income	39	64	54	62	74
INVESTING CASH FLOW (b)	-810	-461	-320	-396	-293
Debt Issuance / (Repaid)	33	-26	196	-27	-23
Interest Expenses	-6	-9	-13	-11	-8
FCFE	108	658	793	570	784
Share Capital Issuance/MI	0	0	0	0	0
Dividend	-247	-377	-218	-305	-392
FINANCING CASH FLOW (c)	-220	-412	-35	-342	-423
NET CASH FLOW (a+b+c)	-295	262	576	210	330

Ratios

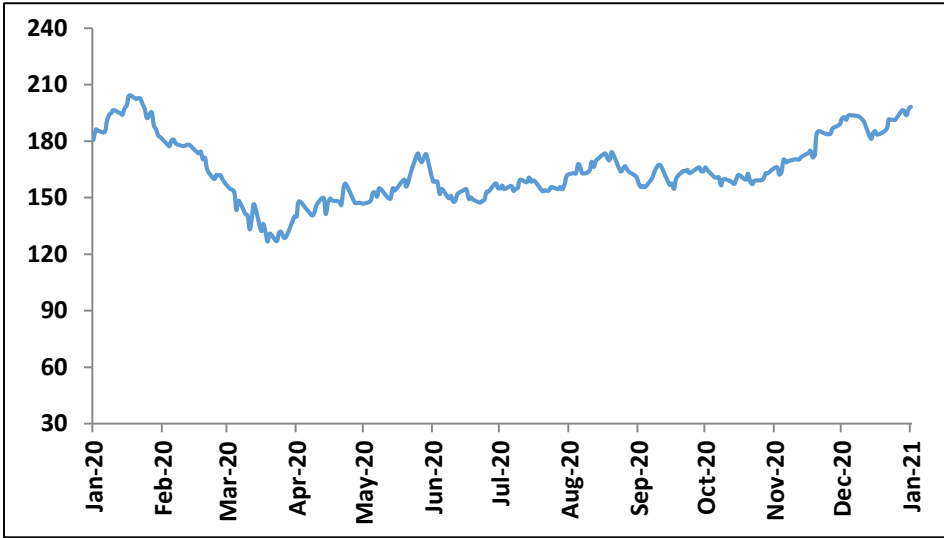
	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)					
EBITDA Margin	13.3	13.8	12.9	13.4	14
EBIT Margin	10.4	10.2	8.9	9.6	10.4
APAT Margin	8	8.4	7	7.6	8.2
RoE	14.8	13.4	10.3	11.8	13
RoCE	17.7	15.4	11.9	13.8	15.2
Solvency Ratio					
Net Debt/EBITDA (x)	-0.2	-0.1	-0.7	-0.8	-1
D/E	0	0	0	0	0
PER SHARE DATA					
EPS	9.9	9.7	7.9	9.8	11.5
CEPS	13.6	14	12.4	14.6	16.7
BV	70	74	79	86	93
Dividend	2.4	4.1	2.5	3.5	4.5
Turnover Ratios (days)					
Debtor days	37	30	35	33	33
Inventory days	61	74	75	72	72
Creditors days	49	47	53	50	50
VALUATION (x)					
P/E	19.9	20.4	25.1	20.3	17.2
P/BV	2.8	2.7	2.5	2.3	2.1
EV/EBITDA	11.4	11.8	13	11	9.5
EV / Revenues	1.5	1.6	1.7	1.5	1.3
Dividend Payout (%)	24.2	42.2	31.7	35.9	39
Dividend Yield (%)	1.2	2.1	1.3	1.8	2.3

Source: Company, HDFC sec Research

Exide Industries

598.71	685.65	685.65	685.65	203.88	118.92	118.92
(-55.94)	(-14.51)	(-7.74)	(-11.01)	(-11.01)	(-11.01)	(-11.01)
142.09	167.22	154.12	393.13	-62.95	-107.58	-42.88
(-3.51)	(-17.46)	(7.84)	(-7.84)	(-115.88)	(-71.46)	(-115.88)

One Year Price Chart





Disclosure:

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