

**Summary:**

Smart Strategies, Smarter Solutions.

**EXIDE INDUSTRIES LIMITED**

**Recommendation: Buy**

**CMP: 208/-**

**TARGET: Rs. 249/-**

**SENSEX: 37318**

**NIFTY: 11222**

**KEY STOCK STATISTICS:**

Market Capitalization (crs): 17663/-

Book Value: Rs. 70.44/-

Face Value: Rs. 1/-

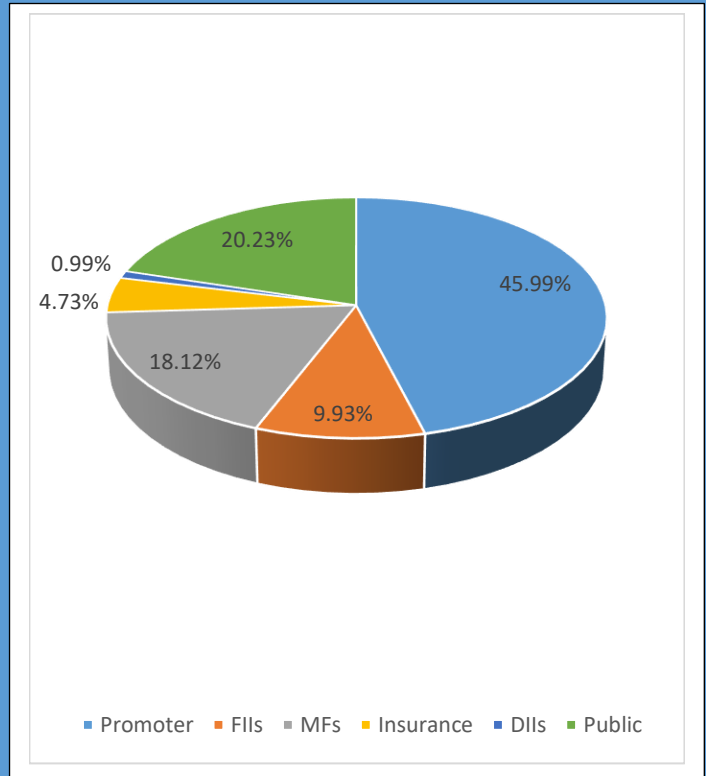
52 week High/Low: 304.70/ 194.30

P/E Ratio: 23.05

Industry P/E:21.55

**Company Background:**

- ✓ Exide Industries Limited is India's largest manufacturer of lead acid storage batteries for both automotive and industrial applications.
- ✓ Exide is also a comprehensive power storage solutions provider in the areas of equipment selection, battery sizing, optimum room layout, installation and operation and maintenance.
- ✓ At Exide, we specialize in both conventional flooded as well as the latest VRLA batteries. We design, manufacture, market and sell the widest range of lead acid storage batteries.
- ✓ Our manufacturing strength includes nine factories strategically located all over India, of which seven factories are dedicated to batteries and the other 2 manufacture home UPS systems.
- ✓ Our international collaborations are instrumental in keeping us ahead of the competition curve.

**SHAREHOLDING PATTERN**

Source: Company, KFO Research

**RETURNS (%):**

	3 MONTHS	6 MONTHS	12 MONTHS
SENSEX	-2.50	4.55	6.67
EXIDE	1.37	17.81	21.92

Source: Company, KFO Research

Analyst :

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**MACRO – ECONOMIC TRENDS**

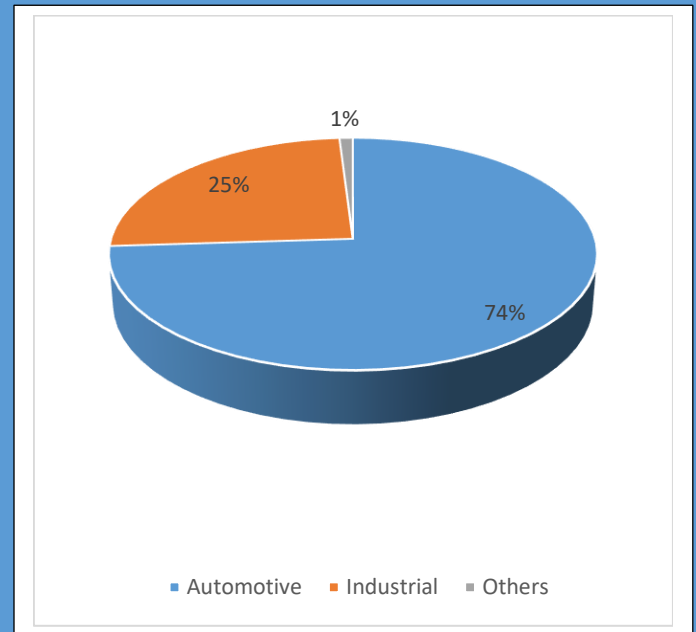
- Faster urbanization, with rising middle- class population.
- Growing disposal income, driving higher aspirations.
- Higher employment rate across urban and rural India.
- Wide- ranging reforms such as Make in India, Digital India and Smart cities, among others.
- Implementation of GST, accelerating demand shift from unorganized to organized players.
- Greater Government emphasis on infrastructure.

**INDUSTRY DEVELOPMENTS**

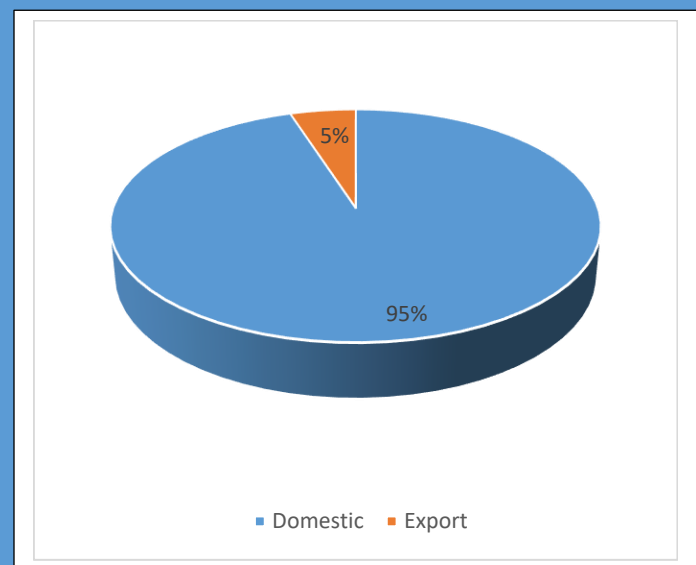
- Surging scale of automobile manufacturers across two-wheelers, three- wheelers and four- wheelers.
- Widening growth of telecom towers, driven by a robust growth plan of telecom operators.
- Implementation of smart grid projects.
- Development of vehicle charging infrastructure.
- Increasing usage of hybrid and electric vehicles.
- Growing installation of renewable energy systems.

**NEW ADVANCEMENTS**

- Growing trend of consumer preferences for extended battery life.
- Need for higher storage efficiencies with recharge from empty to full in minutes.
- Integration of electronics in storage batteries, allowing performance monitoring and remote control access.
- Enhanced relevance of alternative chemistries in battery (apart from lead acid).

**REVENUE MIX (BUSINESS—WISE)**

Source: Company, KFO Research

**REVENUE MIX (GEOGRAPHY – WISE)**

Source: Company, KFO Research

**KEY STRENGTHS**

- The next generation technology in energy storages is all about ushering in quantum change in efficiency, reliability, life and cost.
- Exide is at the forefront of exploring multiple options to bring in the advanced storage technologies, cutting across applications and elevating the business to a new technology era.
- **Future – ready battery:** we collaborated with East Penn Manufacturing (US) and its subsidiary Ecoult, Australia for developing energy storage system and solution technologies, which complement the breakthrough Ultra Battery technology. This technology can have a major potential in the automotive and industrial portfolio by addressing the requirements of high performance batteries with quick recharging capability.
- **Revolutionary Punched Grid Technology:** To revolutionize the battery market, we introduced the Punched Grid technology in India, in collaboration with East Penn Manufacturing Company (one of the largest American lead acid battery manufacturers).
- Roll out commercial production of Ultra batteries.
- Scale up Punched Grid based product roll out.
- Introduce multi-tier solutions for different application segments, within the scope of energy storage
- Launch high power to energy ratio battery for E- Rickshaw application.

**VALUATIONS:**

- ✓ On the basis of Discount Cash Flow Valuation Method, we are recommending 'Buy' for the stock. Since the stock offers good opportunity, we initiate a '**BUY**' signal on the stock with 12-month price target of **Rs 249/-** share an upside of 15% from current levels.

**HIGHLIGHTS OF FY 2017-18**

**Rs. 9,186 crore Net Turnover**  
21% (Y-o-Y)

**Rs. 1,241 crore**  
**Operating Profit (EBIDTA)**  
15% (Y-o-Y)

**Rs. 1,048 crore**  
**Profit before Tax**  
7% (Y-o-Y)

**Rs. 18,870 crore**  
**Market capitalization as on**  
**31- March- 2018**

Source: Company, KFO Research.

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