

April 29, 2021

Q4FY21 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	227		227	
Sales (Rs. m)	1,15,145	1,27,569	1,15,145	1,27,569
% Chng.	-	-	-	-
EBITDA (Rs. m)	15,648	18,680	15,529	18,558
% Chng.	0.8	0.7	-	-
EPS (Rs.)	10.6	13.3	10.7	13.4
% Chng.	(0.6)	(0.3)	-	-

Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	98,567	1,00,408	1,15,145	1,27,569
EBITDA (Rs. m)	13,650	13,556	15,648	18,680
Margin (%)	13.8	13.5	13.6	14.6
PAT (Rs. m)	8,428	7,583	9,038	11,343
EPS (Rs.)	9.9	8.9	10.6	13.3
Gr. (%)	9.4	(10.0)	19.2	25.5
DPS (Rs.)	4.1	2.0	3.0	4.0
Yield (%)	2.3	1.1	1.7	2.2
RoE (%)	13.7	11.5	12.5	14.3
RoCE (%)	16.3	14.8	15.9	18.3
EV/Sales (x)	1.5	1.4	1.2	1.1
EV/EBITDA (x)	11.0	10.5	9.0	7.3
PE (x)	18.0	20.0	16.8	13.4
P/BV (x)	2.4	2.2	2.0	1.8

Key Data

EXID.BO | EXID IN

52-W High / Low	Rs.221 / Rs.142
Sensex / Nifty	49,766 / 14,895
Market Cap	Rs.151bn/ \$ 2,046m
Shares Outstanding	850m
3M Avg. Daily Value	Rs.1734.85m

Shareholding Pattern (%)

Promoter's	45.99
Foreign	11.95
Domestic Institution	24.56
Public & Others	17.49
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(2.3)	13.5	14.8
Relative	(3.8)	(9.4)	(24.5)

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Healthy revenue growth drive PAT beat

Quick Pointers:

- Healthy revenues and cost control drive historical high adj. PAT at Rs2.44b.
- Estimate Revenue/EBITDA/PAT CAGR of 13%/17%/22% over FY21-23E.

EXID's 4QFY21 results exceeded expectations as EBITDA/Adj PAT came 8-12% higher to PLe, led by effective cost control. While there was a significant pick up in automotive segment (both OE and replacement), industrial and UPS division too started picking up. Going forward we believe stronger growth in replacement segment (~65% of industry) to continue coupled with new product launches across segments. Consequently, operating leverage and cost control to offset lead inflation keeping FY22 margins stable and expanding ~100bp in FY23. We maintain 'Buy' with SoTP based price target of Rs227 (unchanged), based on 16x Mar'23E core EPS plus Rs16 for insurance subsidiary. Stock is trading at 16.8x/13.4x for FY22/23 core EPS.

- Q4FY21 Revenue beat estimates at Rs29.4b (+43% YoY/ 5% QoQ, PLe Rs27.6b).** This was largely led by strong growth in automotive segment (both OE and aftermarket), industrial and aftermarket UPS division.
- Margins came in line at 14% (+90bp YoY/ -40bp QoQ, PLe 13.8%) as tight cost control offset higher RM.** Gross margins declined 390bp YoY/ 160bp QoQ at 34.3% (PLe 35.5%). This was offset by better cost control resulting in EBITDA growth of ~53% YoY/ 2% QoQ at Rs4.1b (PLe Rs3.8b). Better operating performance coupled with higher other income at Rs235m (PLe Rs179m) led Adj. PAT beat at Rs2.4b (+45% YoY, PLe Rs2.2b).
- Lead prices grew ~4.5% YoY/ 10% QoQ to average Rs147/kg in 4QFY21.** It further increased by ~2% in April to an average of Rs149.4/kg.
- Key managerial change –** The board appointed Mr Subir Chakraborty as MD and CEO of EIL (from Deputy MD and will replace Mr Gautam Chatterjee) effective 1st May. Mr. Chatterjee appointed as whole time advisor for a period of 3 years.
- EXIDE has declared interim dividend of Rs2/share in FY21 (v/s Rs4.1/share in FY20).**

Exhibit 1: Q4FY21 Result Overview (Rs m)

Y/e March	Q4FY21	Q4FY20	YoY gr. (%)	Q3FY21	FY21	FY20	YoY gr. (%)
Net Revenues	29,388	20,551	43.0	28,010	1,00,408	98,567	1.9
Raw Materials	19,306	12,703	52.0	17,955	65,795	62,664	5.0
<i>% of Net Sales</i>	<i>65.7</i>	<i>61.8</i>		<i>64.1</i>	<i>65.5</i>	<i>63.6</i>	
Personnel	1,847	1,583	16.7	2,064	7,215	6,664	8.3
<i>% of Net Sales</i>	<i>6.3</i>	<i>7.7</i>		<i>7.4</i>	<i>7.2</i>	<i>6.8</i>	
Manufacturing & Other Exp	4,112	3,562	15.4	3,963	13,842	15,589	(11.2)
<i>% of Net Sales</i>	<i>14.0</i>	<i>17.3</i>		<i>14.1</i>	<i>13.8</i>	<i>15.8</i>	
Total Expenditure	25,265	17,849	41.6	23,982	86,853	84,917	2.3
EBITDA	4,124	2,702	52.6	4,028	13,556	13,650	(0.7)
<i>EBITDA Margin (%)</i>	<i>14.0</i>	<i>13.1</i>		<i>14.4</i>	<i>13.5</i>	<i>13.8</i>	
Depreciation	974	939	3.8	953	3,794	3,626	4.6
EBIT	3,149	1,764	78.6	3,075	9,762	10,024	(2.6)
Interest Expenses	85	37		76	238	94	152.9
Non-operating income	235	169	39.6	201	654	639	2.3
Extraordinary Expenses	0	0		0	0	217	
PBT	3,300	1,895	74.1	3,200	10,179	10,352	(1.7)
Tax-Total	859	215	298.6	786	2,596	2,097	23.8
<i>Tax Rate (%) - Total</i>	<i>26.0</i>	<i>11.4</i>	<i>128.9</i>	<i>24.6</i>	<i>25.5</i>	<i>20.3</i>	<i>25.9</i>
Reported PAT	2,441	1,680	45.3	2,414	7,583	8,255	(8.1)
Adj. PAT	2,441	1,680	45.3	2,414	7,583	8,441	(10.2)

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	98,567	1,00,408	1,15,145	1,27,569
YoY gr. (%)	(6.9)	1.9	14.7	10.8
Cost of Goods Sold	62,664	65,795	75,075	82,282
Gross Profit	35,903	34,613	40,071	45,287
Margin (%)	36.4	34.5	34.8	35.5
Employee Cost	6,664	7,215	7,432	7,655
Other Expenses	15,589	13,842	16,991	18,952
EBITDA	13,650	13,556	15,648	18,680
YoY gr. (%)	(3.3)	(0.7)	15.4	19.4
Margin (%)	13.8	13.5	13.6	14.6
Depreciation and Amortization	3,626	3,794	4,138	4,185
EBIT	10,024	9,762	11,510	14,495
Margin (%)	10.2	9.7	10.0	11.4
Net Interest	94	238	261	314
Other Income	639	654	644	743
Profit Before Tax	10,352	10,179	11,892	14,925
Margin (%)	10.5	10.1	10.3	11.7
Total Tax	2,097	2,596	2,854	3,582
Effective tax rate (%)	20.3	25.5	24.0	24.0
Profit after tax	8,255	7,583	9,038	11,343
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	8,428	7,583	9,038	11,343
YoY gr. (%)	9.4	(10.0)	19.2	25.5
Margin (%)	8.6	7.6	7.8	8.9
Extra Ord. Income / (Exp)	(217)	-	-	-
Reported PAT	8,255	7,583	9,038	11,343
YoY gr. (%)	(2.2)	(8.1)	19.2	25.5
Margin (%)	8.4	7.6	7.8	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,255	7,583	9,038	11,343
Equity Shares O/s (m)	850	850	850	850
EPS (Rs)	9.9	8.9	10.6	13.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	36,370	42,806	46,313	48,813
Tangibles	36,370	42,806	46,313	48,813
Intangibles	-	-	-	-
Acc: Dep / Amortization	12,634	16,427	20,565	24,750
Tangibles	12,634	16,427	20,565	24,750
Intangibles	-	-	-	-
Net fixed assets	23,736	26,379	25,748	24,063
Tangibles	23,736	26,379	25,748	24,063
Intangibles	-	-	-	-
Capital Work In Progress	2,969	2,008	2,000	2,000
Goodwill	-	-	-	-
Non-Current Investments	20,521	22,099	24,308	26,739
Net Deferred tax assets	(1,019)	(771)	(771)	(771)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	187	8,825	9,825	10,825
Inventories	21,923	23,462	26,905	29,808
Trade receivables	8,154	8,874	12,619	13,281
Cash & Bank Balance	1,449	825	1,322	4,596
Other Current Assets	3,161	3,433	3,937	4,362
Total Assets	82,421	96,287	1,07,104	1,16,161
Equity				
Equity Share Capital	850	850	850	850
Other Equity	62,111	68,085	74,573	82,516
Total Networkth	62,961	68,935	75,423	83,366
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	10,309	16,478	18,897	20,936
Other current liabilities	8,132	10,103	12,014	11,089
Total Equity & Liabilities	82,421	96,287	1,07,104	1,16,161

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	10,352	10,179	11,510	14,495
Add. Depreciation	3,626	3,794	4,138	4,185
Add. Interest	(372)	(353)	644	743
Less Financial Other Income	639	654	644	743
Add. Other	(4,131)	191	-	-
Op. profit before WC changes	9,475	13,811	16,291	19,424
Net Changes-WC	2,155	3,044	(3,419)	(2,924)
Direct tax	(2,494)	(2,721)	(2,854)	(3,582)
Net cash from Op. activities	9,136	14,134	10,018	12,918
Capital expenditures	(4,646)	(3,384)	(3,500)	(2,500)
Interest / Dividend Income	-	-	-	-
Others	1,397	(9,385)	(3,210)	(3,431)
Net Cash from Inv. activities	(3,249)	(12,769)	(6,710)	(5,931)
Issue of share cap. / premium	-	-	-	-
Debt changes	(30)	(244)	-	-
Dividend paid	(4,986)	(1,700)	(2,550)	(3,400)
Interest paid	(70)	(45)	(261)	(314)
Others	-	-	-	-
Net cash from Fin. activities	(5,086)	(1,989)	(2,811)	(3,714)
Net change in cash	802	(623)	497	3,273
Free Cash Flow	4,491	10,750	6,518	10,418

Source: Company Data, PL Research

Key Financial Metrics

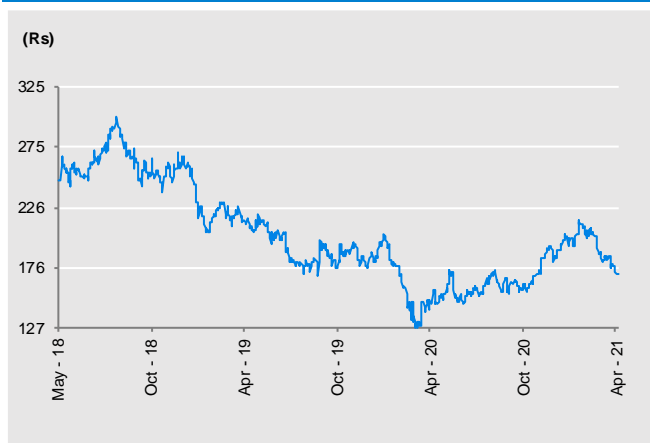
Y/e Mar	FY20	FY21	FY22E	FY23E
Per Share(Rs)				
EPS	9.9	8.9	10.6	13.3
CEPS	14.2	13.4	15.5	18.3
BVPS	74.1	81.1	88.7	98.1
FCF	5.3	12.6	7.7	12.3
DPS	4.1	2.0	3.0	4.0
Return Ratio(%)				
RoCE	16.3	14.8	15.9	18.3
ROIC	13.4	12.9	14.3	17.2
RoE	13.7	11.5	12.5	14.3
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	73	58	65	63
Valuation(x)				
PER	18.0	20.0	16.8	13.4
P/B	2.4	2.2	2.0	1.8
P/CEPS	12.6	13.3	11.5	9.8
EV/EBITDA	11.0	10.5	9.0	7.3
EV/Sales	1.5	1.4	1.2	1.1
Dividend Yield (%)	2.3	1.1	1.7	2.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Net Revenue	15,476	27,534	28,010	29,388
YoY gr. (%)	(44.3)	5.5	16.2	43.0
Raw Material Expenses	10,642	17,891	17,955	19,306
Gross Profit	4,834	9,643	10,055	10,082
Margin (%)	31.2	35.0	35.9	34.3
EBITDA	1,485	3,920	4,028	4,124
YoY gr. (%)	(63.6)	6.8	25.9	52.6
Margin (%)	9.6	14.2	14.4	14.0
Depreciation / Depletion	914	953	953	974
EBIT	571	2,967	3,075	3,149
Margin (%)	3.7	10.8	11.0	10.7
Net Interest	14	63	76	85
Other Income	70	148	201	235
Profit before Tax	627	3,052	3,200	3,300
Margin (%)	4.1	11.1	11.4	11.2
Total Tax	188	764	786	859
Effective tax rate (%)	29.9	25.0	24.6	26.0
Profit after Tax	440	2,288	2,414	2,441
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	440	2,288	2,414	2,441
YoY gr. (%)	(80.4)	(3.6)	12.5	45.3
Margin (%)	2.8	8.3	8.6	8.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	440	2,288	2,414	2,441
YoY gr. (%)	(80.4)	(3.6)	23.2	45.3
Margin (%)	2.8	8.3	8.6	8.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	440	2,288	2,414	2,441
Avg. Shares O/s (m)	850	850	850	850
EPS (Rs)	0.5	2.7	2.8	2.9

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	7-Apr-21	BUY	227	184
2	31-Jan-21	BUY	238	194
3	11-Jan-21	BUY	236	198
4	16-Dec-20	BUY	234	194
5	10-Nov-20	BUY	194	162
6	9-Oct-20	BUY	191	164
7	3-Aug-20	BUY	183	155
8	11-Jul-20	Accumulate	177	155
9	6-Jun-20	Accumulate	179	173

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	149	113
2	Bajaj Auto	Hold	3,710	3,613
3	Bharat Forge	Hold	602	619
4	CEAT	Accumulate	1,667	1,542
5	Eicher Motors	Accumulate	2,958	2,487
6	Endurance Technologies	BUY	1,605	1,369
7	Exide Industries	BUY	227	184
8	Hero Motocorp	Accumulate	3,451	2,888
9	Mahindra & Mahindra	BUY	939	781
10	Maruti Suzuki	BUY	7,619	6,569
11	Motherson Sumi Systems	BUY	249	207
12	Tata Motors	Reduce	271	308
13	TVS Motors	BUY	658	566

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



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