

July 30, 2024

Q1FY25 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		HOLD	
Target Price	559		559	
Sales (Rs. m)	1,78,938	2,07,392	1,78,938	2,07,392
% Chng.	-	-	-	-
EBITDA (Rs. m)	22,386	27,815	22,386	27,815
% Chng.	-	-	-	-
EPS (Rs.)	16.1	20.6	16.1	20.6
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	1,45,919	1,60,292	1,78,938	2,07,392
EBITDA (Rs. m)	15,680	18,714	22,386	27,815
Margin (%)	10.7	11.7	12.5	13.4
PAT (Rs. m)	9,036	10,530	13,648	17,525
EPS (Rs.)	10.6	12.4	16.1	20.6
Gr. (%)	6.6	16.5	29.6	28.4
DPS (Rs.)	2.0	2.0	3.5	4.0
Yield (%)	0.4	0.4	0.7	0.8
RoE (%)	8.3	8.6	10.0	11.8
RoCE (%)	10.2	11.3	12.5	14.8
EV/Sales (x)	3.1	2.8	2.5	2.1
EV/EBITDA (x)	28.4	23.9	19.8	15.8
PE (x)	50.0	42.9	33.1	25.8
P/BV (x)	4.0	3.4	3.2	2.9

Key Data

EXID.BO | EXID IN

52-W High / Low	Rs.620 / Rs.242
Sensex / Nifty	81,455 / 24,857
Market Cap	Rs.452bn/ \$ 5,398m
Shares Outstanding	850m
3M Avg. Daily Value	Rs.3739.09m

Shareholding Pattern (%)

Promoter's	45.99
Foreign	13.74
Domestic Institution	17.87
Public & Others	22.39
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	67.2	111.7
Relative	(8.6)	46.0	72.0

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Exide Industries (EXID IN)

Rating: HOLD | CMP: Rs532 | TP: Rs559

Mixed quarter; growth outlook remains intact

Quick Pointers:

- Healthy volume across different business verticals driving revenue growth.
- Aims to deliver healthy profitability in the medium-term.

Exide Industries' (EXID) Q1FY25 revenue increased by 5.9% YoY coming in-line with consensus and our estimates. Gross profit grew by 15% YoY, despite rise in prices of some of the key raw materials gross margin expanded by 243bps YoY to 30.7%. EBITDA grew by 14.4% YoY while margin expanded by 85bps YoY to 11.5%. Other expenses in proportion to sales increased by 126bps YoY which saw EBITDA margin come in 120bps lower than our expectations. PAT increased by 15.6% YoY.

The demand outlook in both OEM and replacement market is expected to remain optimistic which will drive the growth. Additionally, increased capex in private as well as public sectors augurs well for its Industrial Division. Additionally, the commencement of its Lithium-Ion battery plant in the given timeline shall prove to be the next leg of growth as it has already signed a non-binding MoU with leading industry OEMs. We maintain our forecasts and estimate its revenue/EBITDA/PAT to grow at a CAGR of 13.7%/21.9%/29% over FY24-26E and retain 'Hold' rating with TP of Rs 559 on SoTP.

- Revenue in-line with estimates:** EXID's Q1FY25 revenue increased by 5.9% YoY to Rs 43.1bn (PLe: Rs43.8bn; BBGe: 42.9bn). The growth in revenue was driven by healthy volume across business verticals in domestic as well as international markets. PAT grew by 15.6% YoY to Rs 2.8bn (PLe: Rs 3.4bn; BBGe: Rs 3.7bn).
- Miss on EBITDA estimates led by rise in other expenses:** Gross profit grew by 15% YoY to Rs 13.2bn (PLe/BBGe: Rs 13.5bn). Despite the rise in prices of some of the key raw materials, gross margin expanded by 243bps YoY to 30.7% (in-line with our estimates). EBITDA grew by 14.4% YoY to Rs 4.9bn (PLe: Rs 4.5bn; BBGe: Rs 5.9bn) with a margin of margin of 11.5% (PLe/BBGe: 12.7%/13.9%). Other expenses in proportion to sales increased by 126bps YoY which saw EBITDA margin come in 120bps lower than our expectations. The prices of key raw materials have been in an increasing trend, however; it had taken price hikes in Q4FY24 which shall help in offsetting the rise in input cost and aid the company to deliver on its aim of healthy profitability in the medium-term.
- Key takeaways:** 1) It witnessed healthy demand in domestic as well as international markets. 2) The industrial segments such as IUPS, solar and railways continue to deliver strong volume, led by rising public and private investments across different businesses. 3) During Q1FY25; it invested ~Rs 2bn and further Rs 750mn in July, 2024; taking its overall investment in its subsidiary EESL to Rs 25.8bn. 4) Its lithium-ion project is progressing well with construction and installation of production line equipment currently underway.

Exhibit 1: Standalone Q1FY25 result overview (Rs mn)

Y/e March	Q1FY25	Q1FY24	YoY gr. (%)	Q4FY24	QoQ gr. (%)	Q1FY25E	Var (%)	FY24	FY23	YoY gr. (%)
Net Revenues	43,128	40,726	5.9	40,094	7.6	43,840	(1.6)	1,60,292	1,45,919	9.8
Raw Materials	29,895	29,220	2.3	26,860	11.3	30,361	(1.5)	1,10,684	1,01,987	8.5
<i>% of Net Sales</i>	<i>69.3</i>	<i>71.7</i>		<i>67.0</i>		<i>69.3</i>		<i>69.1</i>	<i>69.9</i>	
Personnel	2,650	2,373	11.7	2,426	9.2	2,630	0.7	9,827	8,720	12.7
<i>% of Net Sales</i>	<i>6.1</i>	<i>5.8</i>		<i>6.1</i>		<i>6.0</i>		<i>6.1</i>	<i>6.0</i>	
Manufacturing & Other Exp	5,640	4,812	17.2	5,646	(0.1)	5,261	7.2	21,068	19,533	7.9
<i>% of Net Sales</i>	<i>13.1</i>	<i>11.8</i>		<i>14.1</i>		<i>12.0</i>		<i>13.1</i>	<i>13.4</i>	
Total Expenditure	38,185	36,404	4.9	34,932	9.3	38,252	(0.2)	1,41,578	1,30,239	8.7
EBITDA	4,943	4,322	14.4	5,162	(4.2)	5,587	(11.5)	18,714	15,680	19.3
<i>EBITDA Margin (%)</i>	<i>11.5</i>	<i>10.6</i>		<i>12.9</i>		<i>12.7</i>		<i>11.7</i>	<i>10.7</i>	
Depreciation	1,257	1,194	5.3	1,248	0.7	1,335	(5.8)	4,975	4,558	9.1
EBIT	3,686	3,128	17.8	3,913	(5.8)	4,252	(13.3)	13,739	11,122	23.5
Interest Expenses	87	98	(11.5)	128	(32.4)	110	(21.3)	486	295	64.5
Non-operating income	142	192	(26.3)	34	312.5	350	(59.6)	845	1,324	(36.1)
Extraordinary Expenses	0	0		0		0		0	0	
PBT	3,741	3,222	16.1	3,819	(2.1)	4,492	(16.7)	14,099	12,151	16.0
Tax-Total	945	803	17.7	982	(3.8)	1,123	(15.9)	3,569	3,115	14.6
<i>Tax Rate (%) - Total</i>	<i>25.3</i>	<i>24.9</i>	<i>1.4</i>	<i>25.7</i>		<i>25.0</i>	<i>1.0</i>	<i>25.3</i>	<i>25.6</i>	<i>(1.2)</i>
Reported PAT	2,796	2,419	15.6	2,838	(1.5)	3,369	(17.0)	10,530	9,036	16.5
Adj. PAT	2,796	2,419	15.6	2,838	(1.5)	3,369	(17.0)	10,530	9,036	16.5
<i>PAT Margin (%)</i>	<i>6.5</i>	<i>5.9</i>		<i>7.1</i>		<i>7.7</i>		<i>6.6</i>	<i>6.2</i>	

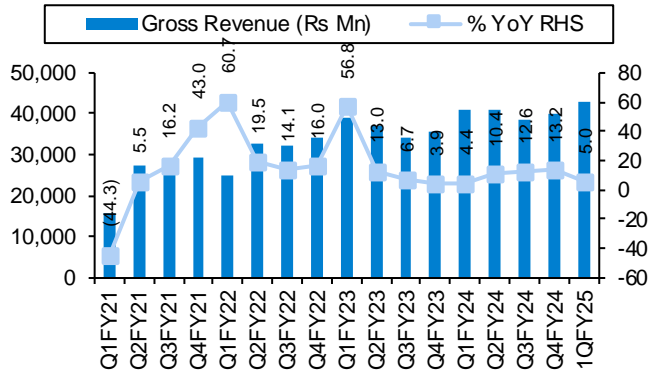
Source: Company, PL

Exhibit 2: SoTP Valuation

EPS - Mar-26	20.6
PE multiple	25.0x
Core business	515
HDFC Life stake at 30% discount	43.5
SOTP-based value	559

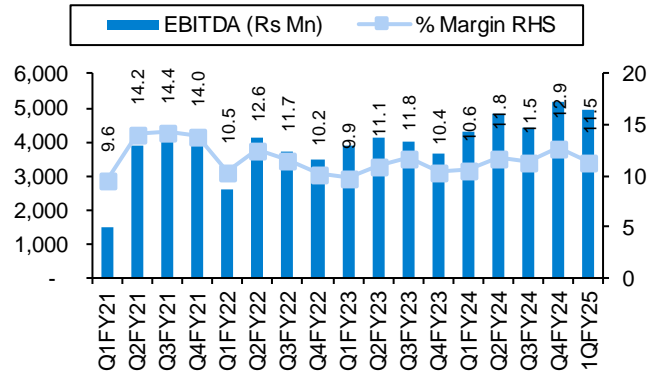
Source: Company, PL

Exhibit 3: Revenue up by 5.9% led by domestic & int. vol



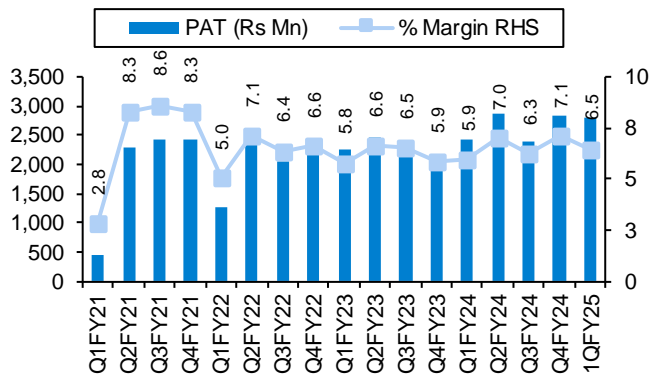
Source: Company, PL

Exhibit 4: EBITDA margin expanded by 86bps YoY



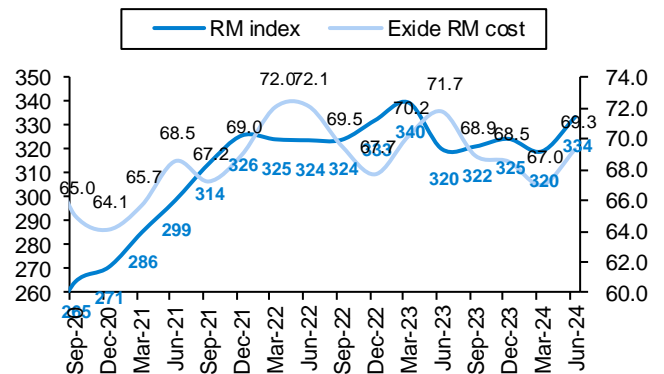
Source: Company, PL

Exhibit 5: PAT increased by 15.6% YoY



Source: Company, PL

Exhibit 6: Trend of EXID RM cost



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	1,45,919	1,60,292	1,78,938	2,07,392
YoY gr. (%)	17.6	9.8	11.6	15.9
Cost of Goods Sold	1,01,987	1,10,684	1,23,467	1,42,064
Gross Profit	43,933	49,608	55,471	65,328
Margin (%)	30.1	30.9	31.0	31.5
Employee Cost	8,720	9,827	10,378	11,922
Other Expenses	19,533	21,068	22,707	25,591
EBITDA	15,680	18,714	22,386	27,815
YoY gr. (%)	11.5	19.3	19.6	24.3
Margin (%)	10.7	11.7	12.5	13.4
Depreciation and Amortization	4,558	4,975	5,342	5,793
EBIT	11,122	13,739	17,044	22,023
Margin (%)	7.6	8.6	9.5	10.6
Net Interest	295	486	440	500
Other Income	1,324	845	1,635	1,897
Profit Before Tax	12,151	14,099	18,238	23,420
Margin (%)	8.3	8.8	10.2	11.3
Total Tax	3,115	3,569	4,591	5,895
Effective tax rate (%)	25.6	25.3	25.2	25.2
Profit after tax	9,036	10,530	13,648	17,525
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,036	10,530	13,648	17,525
YoY gr. (%)	6.6	16.5	29.6	28.4
Margin (%)	6.2	6.6	7.6	8.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,036	10,530	13,648	17,525
YoY gr. (%)	(80.7)	16.5	29.6	28.4
Margin (%)	6.2	6.6	7.6	8.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,036	10,530	13,648	17,525
Equity Shares O/s (m)	850	850	850	850
EPS (Rs)	10.6	12.4	16.1	20.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	53,215	58,400	64,400	71,900
Tangibles	53,215	58,400	64,400	71,900
Intangibles	-	-	-	-
Acc: Dep / Amortization	24,970	29,945	35,286	41,079
Tangibles	24,970	29,945	35,286	41,079
Intangibles	-	-	-	-
Net fixed assets	28,245	28,455	29,114	30,821
Tangibles	28,245	28,455	29,114	30,821
Intangibles	-	-	-	-
Capital Work In Progress	1,009	2,017	2,017	2,017
Goodwill	-	-	-	-
Non-Current Investments	57,882	83,699	89,976	94,475
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	5,531	2,507	3,507	4,507
Inventories	29,891	32,493	36,246	41,706
Trade receivables	12,741	12,644	14,115	16,359
Cash & Bank Balance	681	2,378	4,090	8,814
Other Current Assets	4,072	3,258	3,637	4,546
Total Assets	1,40,053	1,68,451	1,82,702	2,03,244
Equity				
Equity Share Capital	850	850	850	850
Other Equity	1,11,248	1,30,522	1,41,195	1,55,320
Total Network	1,12,098	1,31,372	1,42,045	1,56,170
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	15,328	23,096	25,783	29,883
Other current liabilities	12,628	13,983	14,873	17,191
Total Equity & Liabilities	1,40,053	1,68,451	1,82,702	2,03,244

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	12,151	13,739	17,044	22,023
Add. Depreciation	4,558	4,975	5,342	5,793
Add. Interest	(198)	845	1,635	1,897
Less Financial Other Income	1,324	845	1,635	1,897
Add. Other	(277)	-	-	-
Op. profit before WC changes	16,234	19,559	24,020	29,712
Net Changes-WC	(4,538)	6,432	(1,025)	(2,195)
Direct tax	(3,212)	(3,569)	(4,591)	(5,895)
Net cash from Op. activities	8,484	22,422	18,405	21,622
Capital expenditures	(3,493)	(6,193)	(6,000)	(7,500)
Interest / Dividend Income	-	-	-	-
Others	(5,385)	(22,792)	(7,277)	(5,499)
Net Cash from Invt. activities	(8,878)	(28,985)	(13,277)	(12,999)
Issue of share cap. / premium	-	10,445	-	-
Debt changes	(305)	-	-	-
Dividend paid	-	(1,700)	(2,975)	(3,400)
Interest paid	(156)	(486)	(440)	(500)
Others	-	-	-	-
Net cash from Fin. activities	(461)	8,259	(3,415)	(3,900)
Net change in cash	(855)	1,697	1,712	4,723
Free Cash Flow	4,991	16,229	12,405	14,122

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	41,067	38,405	40,094	43,128
YoY gr. (%)	10.4	12.6	13.2	5.9
Raw Material Expenses	28,292	26,311	26,860	29,895
Gross Profit	12,775	12,094	13,234	13,233
Margin (%)	31.1	31.5	33.0	30.7
EBITDA	4,831	4,399	5,162	4,943
YoY gr. (%)	20.5	19.8	19.4	2.3
Margin (%)	11.8	11.5	12.9	11.5
Depreciation / Depletion	1,259	1,274	1,248	1,257
EBIT	3,572	3,126	3,913	3,686
Margin (%)	8.7	8.1	9.8	8.5
Net Interest	115	145	128	87
Other Income	392	227	34	142
Profit before Tax	3,849	3,208	3,819	3,741
Margin (%)	9.4	8.4	9.5	8.7
Total Tax	979	806	982	945
Effective tax rate (%)	25.4	25.1	25.7	25.3
Profit after Tax	2,870	2,403	2,838	2,796
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,870	2,403	2,838	2,796
YoY gr. (%)	28.6	15.6	17.3	(2.6)
Margin (%)	7.0	6.3	7.1	6.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,870	2,403	2,838	2,796
YoY gr. (%)	16.6	7.7	36.5	15.6
Margin (%)	7.0	6.3	7.1	6.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,870	2,403	2,838	2,796
Avg. Shares O/s (m)	850	850	850	850
EPS (Rs)	3.4	2.8	3.3	3.3

Source: Company Data, PL Research

Key Financial Metrics

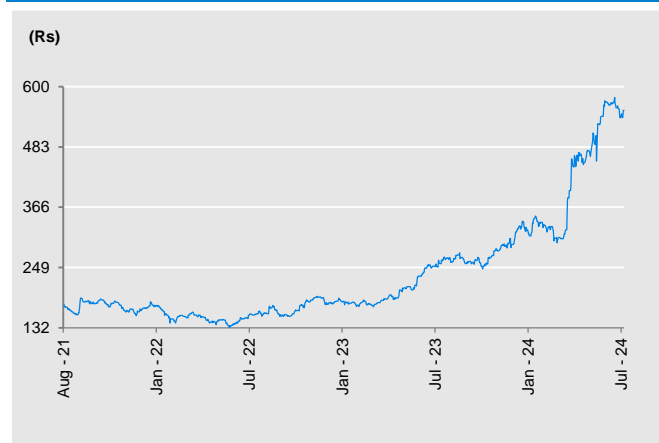
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	10.6	12.4	16.1	20.6
CEPS	16.0	18.2	22.3	27.4
BVPS	131.9	154.6	167.1	183.7
FCF	5.9	19.1	14.6	16.6
DPS	2.0	2.0	3.5	4.0
Return Ratio(%)				
RoCE	10.2	11.3	12.5	14.8
ROIC	8.0	8.8	9.9	12.1
RoE	8.3	8.6	10.0	11.8
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	(0.1)	(0.1)
Net Working Capital (Days)	68	50	50	50
Valuation(x)				
PER	50.0	42.9	33.1	25.8
P/B	4.0	3.4	3.2	2.9
P/CEPS	33.2	29.2	23.8	19.4
EV/EBITDA	28.4	23.9	19.8	15.8
EV/Sales	3.1	2.8	2.5	2.1
Dividend Yield (%)	0.4	0.4	0.7	0.8

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
2W Volume (in Mn)	28	30	33	35
4W Volume (in Mn)	15	16	17	19
Industrial Volume (in Mn)	24	26	29	31
RM (%)	70	69	69	69
Employee cost (%)	6	6	6	6
Other Exp (%)	13	13	13	12

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	Hold	559	568
2	01-May-24	Accumulate	495	472
3	08-Apr-24	Accumulate	350	322
4	24-Jan-24	Accumulate	340	315
5	08-Jan-24	Accumulate	345	329
6	08-Nov-23	Accumulate	295	266
7	09-Oct-23	Accumulate	295	259
8	07-Sep-23	Accumulate	295	274

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	634	718
2	Ashok Leyland	Accumulate	261	246
3	Bajaj Auto	Accumulate	10,326	9,718
4	Bharat Forge	Hold	1,615	1,672
5	Bharat Petroleum Corporation	Reduce	269	302
6	Bharti Airtel	Accumulate	1,618	1,430
7	CEAT	Accumulate	2,992	2,667
8	Clean Science and Technology	Hold	1,489	1,482
9	Deepak Nitrite	Reduce	2,268	2,677
10	Divgi Torqtransfer Systems	Accumulate	831	742
11	Eicher Motors	BUY	5,335	4,737
12	Endurance Technologies	Hold	2,664	2,735
13	Exide Industries	Hold	559	568
14	Fine Organic Industries	Accumulate	5,685	5,337
15	GAIL (India)	Sell	170	223
16	Gujarat Fluorochemicals	Reduce	2,775	3,250
17	Gujarat Gas	Accumulate	623	645
18	Gujarat State Petronet	BUY	409	311
19	Hero Motocorp	Accumulate	5,914	5,558
20	Hindustan Petroleum Corporation	Sell	280	332
21	Indian Oil Corporation	Reduce	151	171
22	Indraprastha Gas	Sell	374	541
23	Jubilant Ingrevia	Hold	592	586
24	Laxmi Organic Industries	Sell	206	257
25	Mahanagar Gas	Sell	1,492	1,846
26	Mahindra & Mahindra	BUY	3,250	2,881
27	Mangalore Refinery & Petrochemicals	Sell	135	218
28	Maruti Suzuki	BUY	14,432	12,104
29	Navin Fluorine International	Accumulate	3,883	3,659

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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