

# Exide Industries (EXID)

## LIB ramp-up a key ahead

### LAB margin trajectory likely to be range bound

**Result better to our estimates** – EXID's 1QFY26 results were better with EBITDA/Adj.PAT beat of 10-16% to our and 3-6% to street. SA revenues grew 4.6% YoY (+8.4% QoQ) at Rs45.1b (est Rs44.4b, cons ~Rs45.4b). Gross margins remained flat YoY (-40bp QoQ) at 30.8% (est 31.9%). This should be largely led by product mix as lead prices declined QoQ by average 2.4% (-7.8% YoY) to ~Rs166.5/kg in 1QFY26. Other expenses were curtailed as the same grew by 0.8% at Rs5.7b (vs 4.6% revenues growth, est Rs5.8b). Consequently, EBITDA grew 11% YoY (+17.5% QoQ) at ~Rs5.48b (est ~Rs5b, cons Rs5.3) with margins expanded 70bp YoY (+100bp QoQ) at 12.2% (est 11.2%, cons 11.7%). This is led by price hikes, cost control initiatives and improved mix. Healthy operating performance helped Adj.PAT growth of 14.6% YoY (+25.9% QoQ) at Rs3.2b (est ~Rs2.8b, cons Rs3b),

**Segmental performance** – Co indicated double digit growth in 2W/PV replacement while lower OEM offtake impacted Auto volumes. Within industrial, Solar grew fastest, Industrial UPS benefited from backup power requirements in multiple sectors while industrial infra performance improved as order inflow and order execution is picking up in sectors like power, railways, traction etc. Telecom and exports declined due to shift to lithium solutions and geopolitical disruptions respectively.

**Li-ion Project on track** – Co invested further Rs3b in 1QFY26 and additionally Rs1b in Jul'25 (vs Rs10b in FY25), as equity in EESL with overall investments now stands at ~Rs37b. Equipment installation and construction works nearing completion. Customer onboarding efforts across auto and non-auto segment underway. Co. intend to commercialize the operations by FY26.

**Marginal change in EPS** – Over the mid-long term, 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 FY27. Several cost savings initiatives such as switch to punch-grid for motorcycles, manufacturing efficiency and change in go to market strategy to support growth and aid margin expansion in base business. While EXID's LAB business is expected to grow 7-8% CAGR over 3-5 years, the recent underperformance is linked to concerns around profitability and utilization of LIB given consistent fall in global cell prices. Maintain ADD as EXID trades at 24.7x/22.4x FY26/27 S/A EPS (v/s 10-year LPA of ~20x). We increase FY26/27 EPS by ~4% to factor in for better revenues, cost controls and build revenue/EBITDA/Adj.PAT CAGR of 7.7%/12.5%/16.5% over FY25-27E. We value EXID at Rs424/share as we value LAB at Rs347 (18x Mar-27 EPS + 50% Holdco discount to HDFC Life stake at Rs37) and value of LIB business at Rs77/share.

### Exhibit 1: Actual vs estimates

Rs mn	Actual	Estimate		% variation		Remarks
		Yes Sec	Consensus	Yes Sec	Consensus	
Sales	45,098	44,421	45,388	1.5	(0.6)	Operational beat led by better than expected revenues and cost control.
EBITDA	5,482	4,983	5,307	10.0	3.3	
EBITDA margins %	12.2	11.2	11.7	90bp	50bp	
Adjusted PAT	3,205	2,761	3,007	16.1	6.6	

Source: Company, YES Sec

Recommendation : **ADD**

Current Price : Rs 385

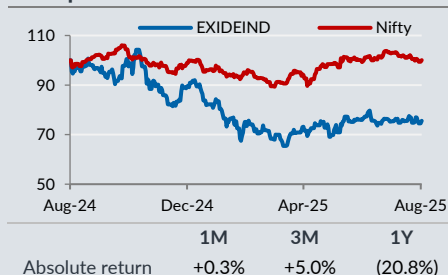
Target Price : Rs 424

Potential Return : +10%

#### Stock data (as on Aug 05, 2025)

Nifty	24,620
52 Week h/l (Rs)	534 / 328
Market cap (Rs/USD mn)	322,363 / 3,670
Outstanding Shares (mn)	850
6m Avg t/o (Rs mn):	883
Div yield (%):	0.5
Bloomberg code:	EXID IN
NSE code:	EXIDEIND

#### Stock performance



#### Shareholding pattern (As of Jun'25)

Promoter	46.0%
FII+DII	28.8%
Others	25.3%

#### Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	424	387

#### Δ in earnings estimates

	FY26E	FY27E
EPS (New)	15.6	17.2
EPS (Old)	14.9	16.5
% change	+4.4%	+4.3%

#### Financial Summary

Y/E Mar (Rs b)	FY25	FY26E	FY27E
Sales	165.9	178.4	192.3
EBITDA	18.9	21.9	24.0
Adj. PAT	10.8	13.3	14.6
Adj. EPS (INR)	12.7	15.6	17.2
EPS Gr. (%)	2.3	23.1	10.2
BV/Sh. (INR)	169.9	182.5	196.7
RoE (%)	7.5	8.5	8.7
RoCE (%)	8.0	9.1	9.3
Payout (%)	15.8	19.2	17.4
P/E (x)	30.4	24.7	22.4
P/BV (x)	2.3	2.1	2.0
EV/EBITDA (x)	12.0	10.0	8.9
Div. Yield (%)	0.5	0.8	0.8

#### DEEP SHAH

Lead Analyst

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MEGHNA GUNDU, Associate

## Exhibit 2: Quarterly snapshot

Y/e Mar (Rs m)	Q1FY26	Q1FY25	YoY chg	Q4FY25	FY25	FY24	YoY chg
Net Revenues	45,098	43,128	4.6	41,594	165,881	160,292	3.5
Raw Materials	31,193	29,895	4.3	28,604	113,891	110,684	2.9
% of Net Sales	69.2%	69.3%		68.8%	68.7%	69.1%	
Personnel	2,740	2,650	3.4	2,614	10,558	9,827	7.4
% of Net Sales	6.1%	6.1%		6.3%	6.4%	6.1%	
Manufacturing & Other Exp	5,684	5,640	0.8	5,709	22,501	21,068	6.8
% of Net Sales	12.6%	13.1%		13.7%	13.6%	13.1%	
Total Expenditure	39,616	38,185	3.7	36,927	146,950	141,578	3.8
EBITDA	5,482	4,943	10.9	4,667	18,931	18,714	1.2
EBITDA Margin (%)	12.2%	11.5%		11.2%	11.4%	11.7%	
Depreciation	1,276	1,257	1.5	1,268	5,039	4,975	1.3
EBIT	4,206	3,686	14.1	3,399	13,892	13,739	1.1
Interest Expenses	91	87		130	439	486	(9.7)
Non-operating income	182	142	28.3	161	962	845	13.7
Extraordinary Expenses	0	0		0	0	0	
PBT	4,297	3,741	14.9	3,430	14,415	14,099	2.2
Tax-Total	1,093	945	15.6	884	3,646	3,569	2.1
Tax Rate (%) - Total	25.4%	25.3%		25.8%	25.3%	25.3%	
Reported PAT	3,205	2,796	14.6	2,546	10,769	10,530	2.3
Adj. PAT	3,205	2,796	14.6	2,546	10,769	10,530	2.3
PAT Margin	7.1%	6.5%		6.1%	6.5%	6.6%	

Source- Company, YES Sec

## ANALYST VIEW & INVESTMENT THESIS

### Lithium-ion capex on track, EV transition to not have similar market standing as base business –

Exide through its subsidiary, Exide Energy Solutions (EESL) is investing in lithium-ion cell manufacturing project with SOP expected end of FY26. It has invested ~Rs10b in FY25 and additional ~Rs3b equity in Apr'25 with ~Rs1b in Jul'25. With this, total equity investment by Exide stands at Rs37.02b. While Exide can fund this venture through its internal accruals, we believe the foray to navigate multiple challenges, 1) most domestic PV OEMs either have their own lithium-ion manufacturing plans or existing tie-ups, limiting Exide's potential addressable market in this space; 2) the current partnership with Hyundai group is non-binding, so we will need to wait and see whether it eventually evolves into a binding partnership and 3) low margin business globally and 4) co is not participating in PLI.

**Base business (Lead acid) on steady footings** – Exide remains a market leader across key segments in the LAB except telecom. Within automotive, co have started production of enhanced flooded batteries (EFB) and absorbent glass mat (AGM) to meet the international demand, particularly Middle East and Sout East Asian countries. This will be supported by continuous network expansion to +120k in FY25 (v/s +112k in FY24, +95k in FY23 and +48k in FY22) and new launches in EFB/AGM batteries. On exports front too, co. has been expanding market presence with introduction of AGM range of batteries in Egypt, GCC and ASEAN markets in FY25. The demand for industrial batteries was however impacted by the ongoing slowdown across key EU markets. We expect base business to grow 6-8% CAGR in mid-term.

**Cost savings to sustain** - Initiatives such as, 1) switch to punch grid technology for motorcycles (phase 1 ramped up in Jan'25, phase 2 from 4QFY26) with 40% automation (balance by 3QFY26), 2) Con-cast for CV (phase 1 ramped up from Apr'25, phase 2 from 4QFY26), and change in go to market strategy from SBU led to functional and introduction to help sustain ongoing cost savings.

**Maintain ADD** - Over the mid-long term, 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 FY27. Several cost savings initiatives such as switch to punch-grid for motorcycles, manufacturing efficiency and change in go to market strategy to support growth and aid margin expansion in base business. While EXID's LAB business is expected to grow 7-8% CAGR over 3-5 years, the recent underperformance is linked to concerns around profitability and utilization of LIB given consistent fall in global cell prices. Maintain ADD as EXID trades at 24.7x/22.4x FY26/27 S/A EPS (v/s 10-year LPA of ~20x). We increase FY26/27 EPS by ~4% to factor in for better revenues, cost controls and build revenue/EBITDA/Adj.PAT CAGR of 7.7%/12.5%/16.5% over FY25-27E. We value EXID at Rs424/share as we value LAB at Rs347 (18x Mar-27 EPS + 50% Holdco discount to HDFC Life stake at Rs37) and value of LIB business at Rs77/share.

### Exhibit 3: Key monitorable

What to Watch	Why it Matters	Timeline
Exports ramp-up	Margin accretive, volume addition	1.5-2 years
New product introductions	Markets share remain range bound in domestic	Immediate
Key RM prices	High sensitivity to gross margins	Immediate

Source: Company, YES Sec

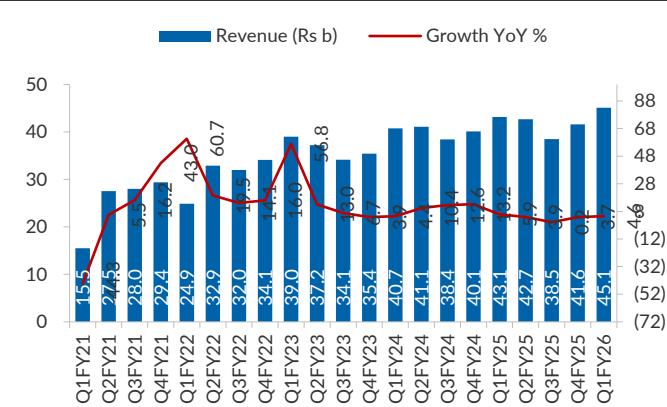
### Exhibit 4: Valuation and key ratios

Valuation (x)	FY25	FY26E	FY27E	Average (10y LPA)
P/E	30.4	24.7	22.4	22.0
P/BV	2.3	2.1	2.0	2.3
EV/EBITDA	12.0	10.0	8.9	1.7
EV/Sales	1.4	1.2	1.1	14.9
RoCE (%)	8.0	9.1	9.3	9.3

Source: Company, YES Sec

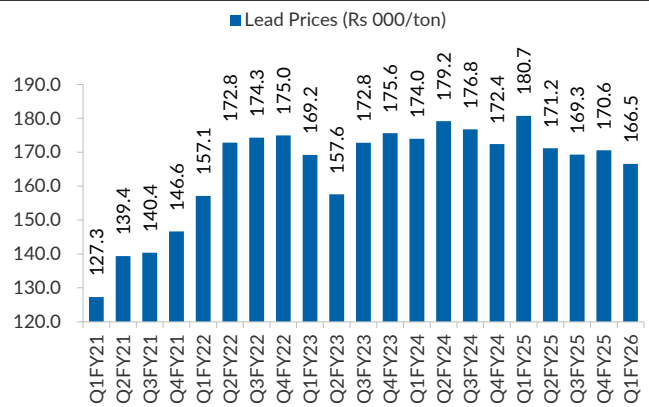
## CHARTS

**Exhibit 5: Revenue grew 4.6% YoY at Rs45.1b**



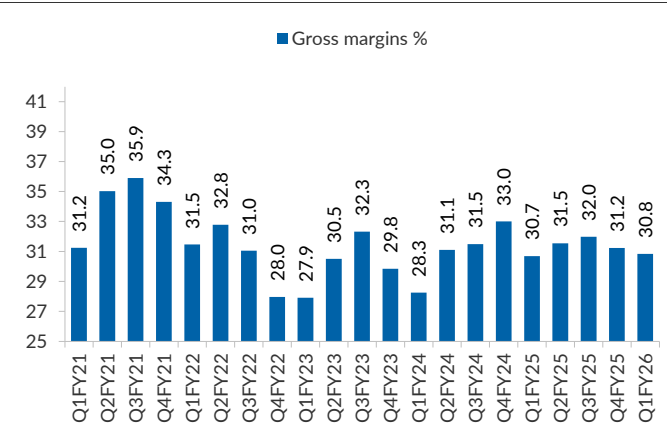
Source: Company, YES Sec

**Exhibit 6: Slight fall in lead price QoQ at Rs166.5k/ton**



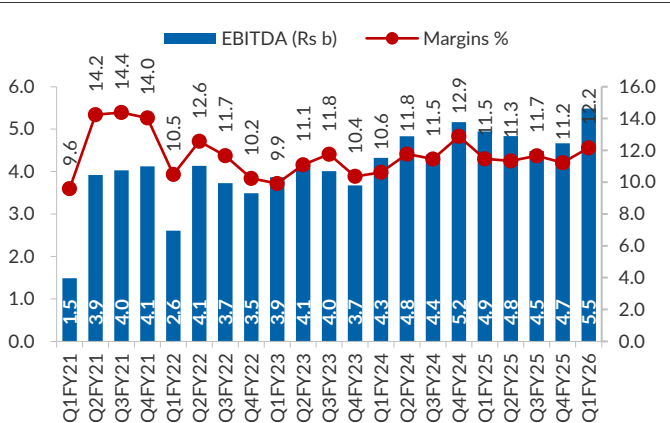
Source: Bloomberg, YES Sec

**Exhibit 7: Gross margins contracted 40bp QoQ at 30.8%**



Source: Company, YES Sec

**Exhibit 8: EBITDAM expanded 90bp QoQ at 12.2%**



Source: Company, YES Sec

## FINANCIALS

**Exhibit 9: Balance Sheet**

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	850	850	850	850	850	850
Reserves	105,131	111,248	130,522	143,573	154,285	166,353
<b>Net Worth</b>	<b>105,981</b>	<b>112,098</b>	<b>131,372</b>	<b>144,423</b>	<b>155,135</b>	<b>167,203</b>
Loans	-	-	-	-	-	-
Deferred Tax Liability	654	1,160	137	108	108	108
<b>Capital Employed</b>	<b>106,635</b>	<b>113,257</b>	<b>131,509</b>	<b>144,531</b>	<b>155,243</b>	<b>167,311</b>
<b>Application of Funds</b>						
Gross Fixed Assets	47,180	53,473	58,005	62,447	68,822	75,822
Less: Depreciation	19,802	24,970	29,353	33,687	38,809	44,205
<b>Net Fixed Assets</b>	<b>27,378</b>	<b>28,503</b>	<b>28,652</b>	<b>28,759</b>	<b>30,013</b>	<b>31,617</b>
Capital WIP	3,381	1,009	2,017	1,375	2,000	2,000
Investments	60,355	63,417	86,212	99,725	105,776	112,072
<b>Curr.Assets</b>	<b>40,862</b>	<b>46,422</b>	<b>51,646</b>	<b>58,331</b>	<b>63,503</b>	<b>68,959</b>
Inventory	24,647	29,891	32,493	38,274	41,162	44,375
Sundry Debtors	11,945	12,741	12,644	15,766	17,106	18,442
Cash & Bank Balances	1,614	745	2,227	1,159	1,867	2,511
Loans & Advances	0	-	1,000	-	-	-
Other Current Assets	2,656	3,045	3,282	3,132	3,368	3,631
<b>Current Liab. &amp; Prov.</b>	<b>25,341</b>	<b>26,093</b>	<b>37,018</b>	<b>43,660</b>	<b>46,049</b>	<b>47,337</b>
Sundry Creditors	16,254	18,036	27,052	32,168	31,280	31,614
Other Liabilities	5,173	4,544	5,945	6,668	9,775	10,538
Provisions	3,914	3,514	4,021	4,824	4,994	5,185
<b>Net Current Assets</b>	<b>15,521</b>	<b>20,329</b>	<b>14,628</b>	<b>14,671</b>	<b>17,454</b>	<b>21,622</b>
<b>Application of Funds</b>	<b>106,635</b>	<b>113,257</b>	<b>131,509</b>	<b>144,531</b>	<b>155,243</b>	<b>167,311</b>

Source: Company, YES Sec

## Exhibit 10: Income statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Total Operating Income</b>	<b>124,101</b>	<b>145,919</b>	<b>160,292</b>	<b>165,881</b>	<b>178,395</b>	<b>192,320</b>
Change (%)	23.6	17.6	9.8	3.5	7.5	7.8
<b>Total Expenditure</b>	<b>110,119</b>	<b>130,239</b>	<b>141,578</b>	<b>146,950</b>	<b>156,542</b>	<b>168,343</b>
<b>EBITDA</b>	<b>13,983</b>	<b>15,680</b>	<b>18,714</b>	<b>18,931</b>	<b>21,854</b>	<b>23,978</b>
<b>EBITDA Margins (%)</b>	<b>11.3</b>	<b>10.7</b>	<b>11.7</b>	<b>11.4</b>	<b>12.3</b>	<b>12.5</b>
Change (%)	3.1	12.1	19.3	1.2	15.4	9.7
Depreciation	4,131	4,558	4,975	5,039	5,122	5,396
<b>EBIT</b>	<b>9,851</b>	<b>11,122</b>	<b>13,739</b>	<b>13,892</b>	<b>16,732</b>	<b>18,582</b>
Deferred Revenue Exp.	-	-	-	-	-	-
Interest Charges	394	295	486	439	426	511
Other Income	805	1,324	845	962	1,448	1,498
EO Exp/(Inc)	(46,938)	-	-	-	-	-
PBT	57,199	12,151	14,099	14,415	17,753	19,569
Tax	10,356	3,115	3,569	3,646	4,492	4,951
Effective Rate (%)	18.1	25.6	25.3	25.3	25.3	25.3
<b>Rep. PAT</b>	<b>46,843</b>	<b>9,036</b>	<b>10,530</b>	<b>10,769</b>	<b>13,262</b>	<b>14,618</b>
Change (%)	517.8	(80.7)	16.5	2.3	23.1	10.2
<b>Adj. PAT</b>	<b>8,404</b>	<b>9,036</b>	<b>10,530</b>	<b>10,769</b>	<b>13,262</b>	<b>14,618</b>
Change (%)	10.8	7.5	16.5	2.3	23.1	10.2

Source: Company, YES Sec

## Exhibit 11: Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	57,199	12,151	14,099	14,415	16,732	18,582
Interest/Dividends Received	(156)	(233)	(237)	(212)	1,448	1,498
Depreciation & Amortisation	4,131	4,558	4,975	5,039	5,122	5,396
Direct Taxes Paid	(10,472)	(3,212)	(3,707)	(3,726)	(4,492)	(4,951)
(Inc)/Dec in Working Capital	(3,479)	(4,538)	4,874	(2,637)	(2,075)	(3,523)
Other Items	(93,957)	(242)	(38)	100	-	-
<b>CF from Oper. Activity</b>	<b>(46,733)</b>	<b>8,484</b>	<b>19,965</b>	<b>12,979</b>	<b>16,735</b>	<b>17,002</b>
Extra-ordinary Items	46,938	-	-	-	-	-
Other Items	-	-	-	-	-	-
<b>CF after EO Items</b>	<b>205</b>	<b>8,484</b>	<b>19,965</b>	<b>12,979</b>	<b>16,735</b>	<b>17,002</b>
(Inc)/Dec in FA+CWIP	(5,795)	(3,716)	(4,903)	(4,413)	(7,000)	(7,000)
<b>Free Cash Flow</b>	<b>(52,528)</b>	<b>4,768</b>	<b>15,063</b>	<b>8,566</b>	<b>9,735</b>	<b>10,002</b>
(Pur)/Sale of Invest.	8,549	(5,162)	(11,269)	(7,390)	(6,051)	(6,296)
<b>CF from Inv. Activity</b>	<b>2,754</b>	<b>(8,878)</b>	<b>(16,172)</b>	<b>(11,803)</b>	<b>(13,051)</b>	<b>(13,296)</b>
Issue of Equity	-	-	-	-	0	(0)
Inc/(Dec) in Debt	(67)	(101)	-	-	-	-
Interest Rec./(Paid)	(482)	(360)	(601)	(539)	(426)	(511)
Dividends Paid	(1,700)	-	(1,700)	(1,700)	(2,550)	(2,550)
<b>CF from Fin. Activity</b>	<b>(2,249)</b>	<b>(461)</b>	<b>(2,301)</b>	<b>(2,239)</b>	<b>(2,976)</b>	<b>(3,061)</b>
<b>Inc/(Dec) in Cash</b>	<b>709</b>	<b>(855)</b>	<b>1,493</b>	<b>(1,062)</b>	<b>708</b>	<b>644</b>
Add: Beginning Balance	825	1,614	745	2,227	1,159	1,867
<b>Closing Balance</b>	<b>1,534</b>	<b>759</b>	<b>2,238</b>	<b>1,165</b>	<b>1,867</b>	<b>2,511</b>

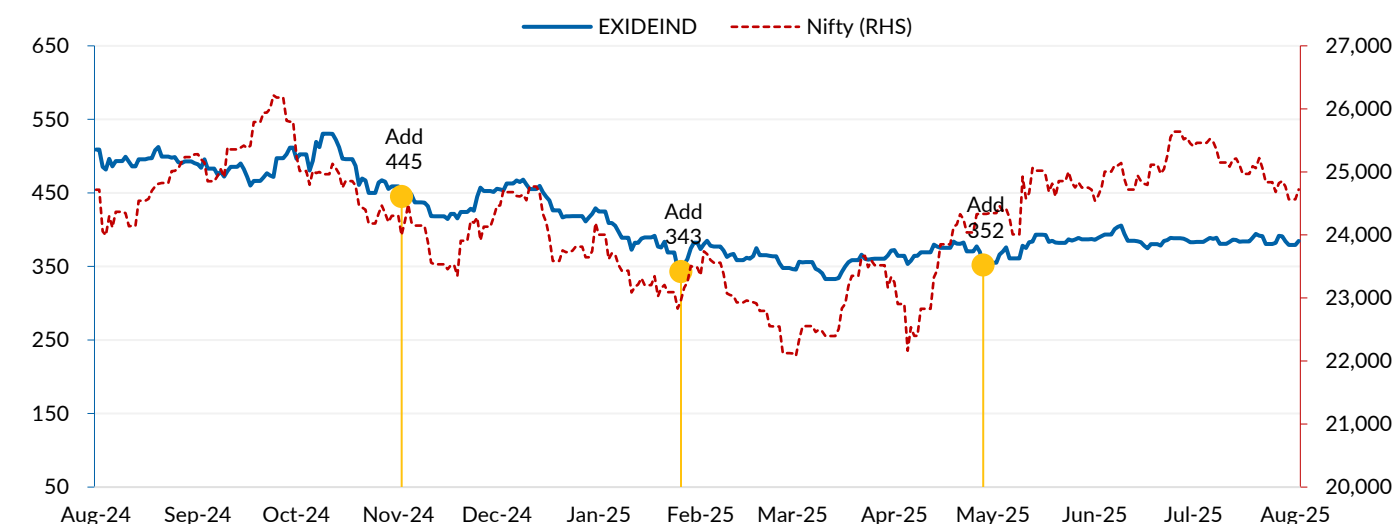
Source- Company, YES Sec

## Exhibit 12: Growth and Ratio matrix

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>						
EPS	9.9	10.6	12.4	12.7	15.6	17.2
Cash EPS	14.7	16.0	18.2	18.6	21.6	23.5
Book Value per Share	124.7	131.9	154.6	169.9	182.5	196.7
DPS	3.2	2.0	2.0	2.0	3.0	3.0
Payout (Incl. Div. Tax) %	32.4	18.8	16.1	15.8	19.2	17.4
<b>Valuation (x)</b>						
P/E	38.9	36.2	31.1	30.4	24.7	22.4
Cash P/E	26.1	24.1	21.1	20.7	17.8	16.4
EV/EBITDA	19.0	16.8	12.8	12.0	10.0	8.9
EV/Sales	2.1	1.8	1.5	1.4	1.2	1.1
Price to Book Value	3.1	2.9	2.5	2.3	2.1	2.0
Dividend Yield (%)	0.8	0.5	0.5	0.5	0.8	0.8
<b>Profitability Ratios (%)</b>						
RoE	7.9	8.1	8.0	7.5	8.5	8.7
RoCE	10.0	8.5	8.9	8.0	9.1	9.3
RoIC	20.9	18.5	23.0	24.9	28.4	28.8
<b>Turnover Ratios</b>						
Debtors (Days)	35.1	31.9	28.8	34.7	35.0	35.0
Inventory (Days)	72.5	74.8	74.0	84.2	84.2	84.2
Creditors (Days)	47.8	45.1	61.6	70.8	64.0	60.0
Working Capital (Days)	59.8	61.5	41.2	48.1	55.2	59.2
Gross Fixed Asset Turnover (x)	2.6	2.7	2.8	2.7	2.6	2.5
<b>Leverage Ratio</b>						
Debt/Equity (x)	-	-	-	-	-	-

Source- Company, YES Sec

## Recommendation Tracker



Source - YES Sec

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Analyst signature

Analyst signature

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