

Estimate changes

TP change

Rating change



Bloomberg	EXID IN
Equity Shares (m)	850
M.Cap.(INRb)/(USD\$)	327 / 3.7
52-Week Range (INR)	535 / 328
1, 6, 12 Rel. Per (%)	4/-4/-23
12M Avg Val (INR M)	1331

Financials & Valuations (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Net Sales	165.9	178.0	194.6
EBITDA	18.9	21.4	23.6
Adj. PAT	10.8	12.3	13.5
Adj. EPS (INR)	12.7	14.5	15.8
EPS Gr. (%)	2.3	14.7	9.0
BV/Sh. (INR)	169.9	181.4	194.0

Ratio

RoE (%)	7.5	8.0	8.2
RoCE (%)	7.8	8.3	8.5
Payout (%)	15.8	20.6	20.5

Valuations

P/E (x)	29.2	25.5	23.4
P/BV (x)	2.2	2.0	1.9
Div Yield (%)	0.5	0.8	0.9
FCF Yield (%)	2.8	3.5	3.8

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	46.0	46.0	46.0
DII	17.4	17.2	17.9
FII	11.5	11.6	13.7
Others	25.1	25.3	22.4

FII Includes depository receipts

CMP: INR385

TP: INR379 (-1%)

Neutral

Margin improvement led by cost control

Replacement, solar and industrial UPS are key growth drivers

- EXID's 1QFY26 PAT of INR3.2b came in ahead of our estimate of INR2.8b, aided by better-than-expected margins even as revenue was in line.
- While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the returns from the business. Besides, the stock at ~25.5x/23x FY26/27E EPS appears fairly valued. **Reiterate Neutral with a TP of INR379 (based on 20x Jun'27E EPS).**

Better-than-expected operational performance

- Standalone revenue grew 4.6% YoY to INR 45.1b (in line), while EBITDA/adj. PAT rose ~11%/15% YoY to INR 5.5b/INR3.2b (est. INR5.1b/INR2.8b).
- Solar business proved to be the fastest-growing segment, supported by various government programs.
- 2W and 4W replacement segments remained buoyant, with double-digit growth in the mobility business.
- Industrial UPS posted strong growth amid increasing demand for critical power backup solutions in several sectors. Industrial infrastructure also improved YoY as order inflow and execution picked up in sectors like power, railways, tractions, etc.
- Auto OEM business continued to be impacted by lower demand from vehicle manufacturers in both PV and 2W segments. Automotive exports also declined amid geopolitical disruptions.
- Gross margin remained largely flat YoY (down 40bp QoQ) at 30.8% (in line).
- Employee expenses came in much lower than our estimate at 3.4% (down 280bp YoY/290bp QoQ). Even other expenses were about 30bp lower than our estimate at 12.6% of revenue.
- As a result, EBITDA margin improved 70bp YoY to 12.2% (vs. est. 11.4%).
- Adj. PAT at INR3.2b came in ahead of our estimate of INR2.8b.
- EXID invested INR3b in 1Q and additional INR1b in Jul'25 in the Exide Energy Solutions project site. Total equity investment till date stands at INR37b. Equipment installation and construction work are nearing completion and production is expected to begin toward FY26 end.

From the Press Release

- Total sales growth was marginal in 1Q due to a slowdown in manufacturing sector growth, decline in most of the auto OEM segments and lower international business due to global tariff uncertainties. The auto replacement, solar and industrial UPS verticals showed promising double-digit growth.
- The near-term outlook remains positive, supported by an improved product mix, innovative products and cost efficiencies in manufacturing facilities.
- Construction for the lithium-ion cell manufacturing project is progressing rapidly, with the team focusing on timely completion. Commercial operations are targeted to begin in FY26.

Valuation and view

- Given the significant imminent risk to its core business, EXID has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt at a total investment of INR60b in two phases. While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the returns from the business. Besides, the stock at ~25.5x/23x FY26/27E EPS appears fairly valued. **Reiterate Neutral with a TP of INR379 (based on 20x Jun'27E EPS).**

S/A Quarterly Performance

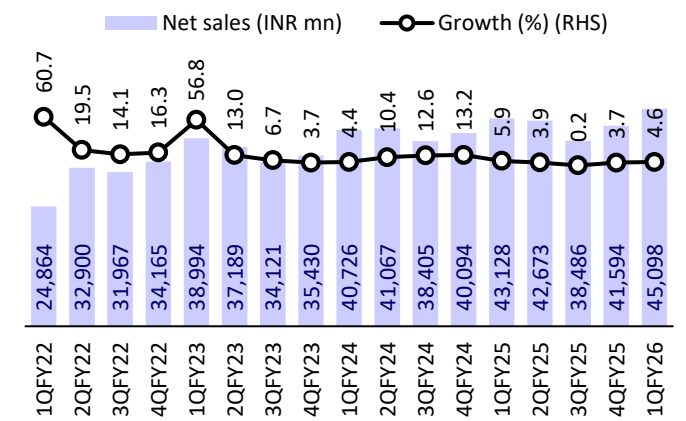
Y/E March	FY25				FY26E				(INR M)		1QE	Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E		
Net Sales	43,128	42,673	38,486	41,594	45,098	44,807	43,105	45,037	165,881	178,046	44,421	1.5
Growth YoY (%)	5.9	3.9	0.2	3.7	4.6	5.0	12.0	8.3	3.5	7.3	3.0	
RM cost (%)	69.3	68.5	68.0	68.8	69.2	69.0	68.5	68.5	68.7	68.8	69.2	
Employee cost (%)	6.1	6.3	6.8	6.3	6.1	6.5	6.6	6.5	6.4	6.4	6.5	
Other Exp(%)	13.1	13.9	13.5	13.7	12.6	12.6	13.0	12.8	13.6	12.8	12.9	
EBITDA	4,943	4,836	4,486	4,667	5,482	5,332	5,129	5,503	18,931	21,447	5,064	8.3
EBITDA Margin(%)	11.5	11.3	11.7	11.2	12.2	11.9	11.9	12.2	11.4	12.0	11.4	
Change (%)	14.4	0.1	2.0	-9.6	10.9	10.3	14.4	17.9	1.2	6.6	2	
Non-Operating Income	142	528	132	161	182	398	144	167	962	891	165	
Interest	87	103	120	130	91	130	127	157	439	505	125	
Depreciation	1,257	1,270	1,244	1,268	1,276	1,290	1,350	1,385	5,039	5,301	1,300	
PBT after EO Exp	3,741	3,991	3,253	3,430	4,297	4,310	3,796	4,128	14,415	16,532	3,804	13.0
Effective Tax Rate (%)	25.3	25.4	24.7	25.8	25.4	25.6	24.8	25.3	0.0	25.3	25.1	
Adj. PAT	2,796	2,978	2,450	2,546	3,205	3,207	2,855	3,083	10,769	12,349	2,849	12.5
Change (%)	15.6	3.8	2.0	-10.3	14.6	7.7	16.5	21.1	2.3	14.7	1.9	

Key performance indicators

Cost Break-up												
RM(%)	69.3	68.5	68.0	68.8	69.2	69.0	68.5	68.5	68.7	68.8	69.2	0bp
Employee cost (%)	6.1	6.3	6.8	6.3	6.1	6.5	6.6	6.5	6.4	6.4	6.5	-40bp
Other Exp(%)	13.1	13.9	13.5	13.7	12.6	12.6	13.0	12.8	13.6	12.8	12.9	-30bp
Gross Margin (%)	30.7	31.5	32.0	31.2	30.8	31.0	31.5	31.5	31.3	31.2	30.8	0bp
EBITDA Margin(%)	11.5	11.3	11.7	11.2	12.2	11.9	11.9	12.2	11.4	12.0	11.4	80bp
EBIT Margin(%)	8.5	8.4	8.4	8.2	9.7	9.9	9.1	9.5	8.4	9.6	8.8	90bp

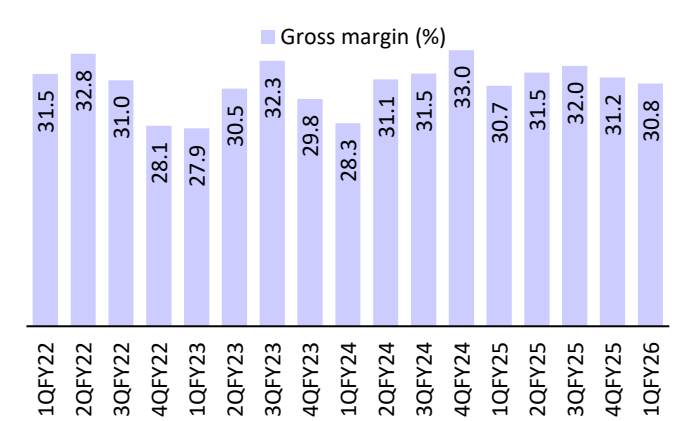
Key exhibits

Exhibit 1: Trends in revenue and growth



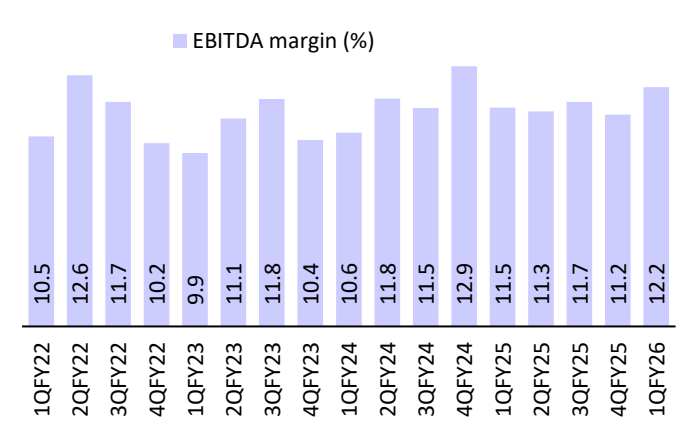
Source: Company, MOFSL

Exhibit 2: Trend in gross margin



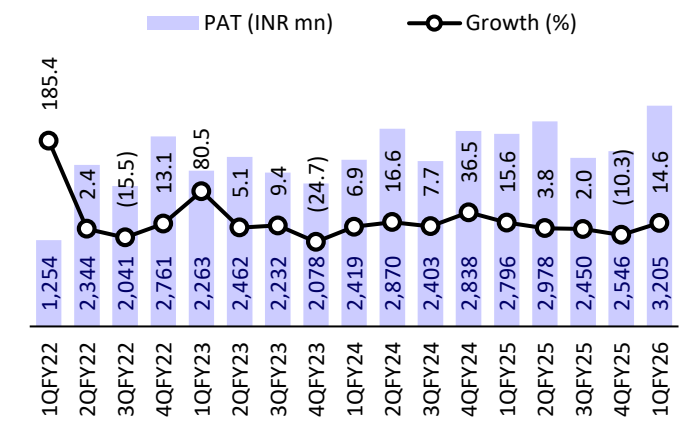
Source: Company, MOFSL

Exhibit 3: Trend in EBITDA margin



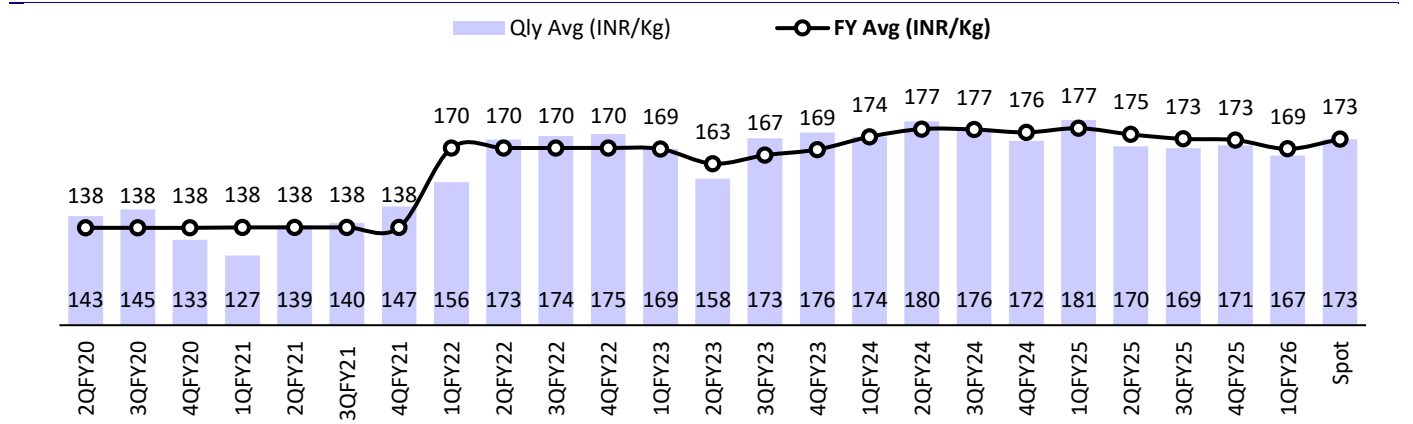
Source: Company, MOFSL

Exhibit 4: Trend in PAT and growth



Source: Company, MOFSL

Exhibit 5: Lead price has remained stable in the recent past



Source: Company, MOFSL

Valuation and view

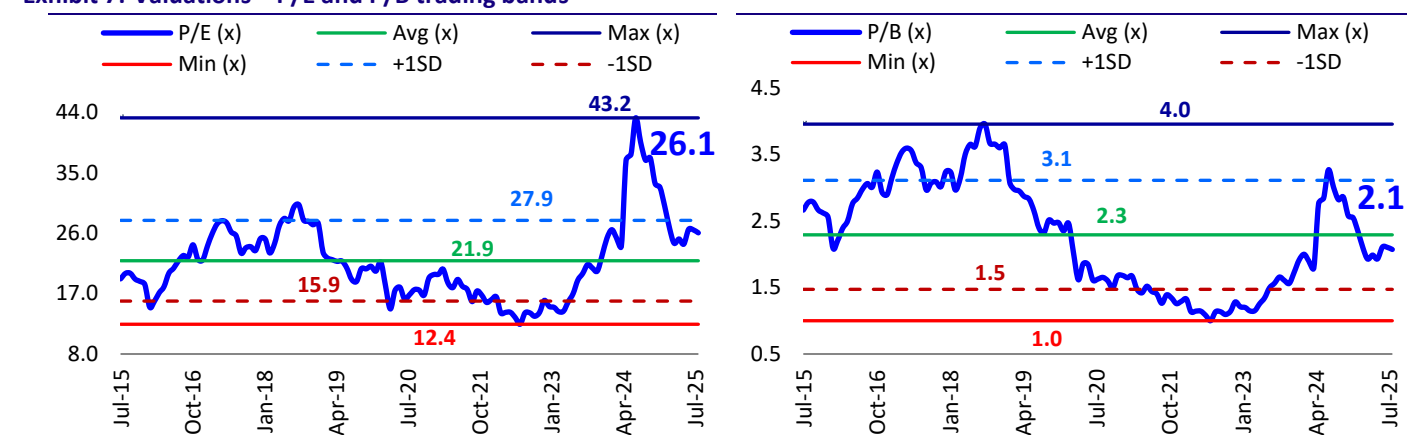
- **EXID continues to enjoy a strong position in the LAB industry:** EXID remains a market leader across all key segments in the lead acid battery (LAB) industry, except telecom. In the Auto OEM segment, EXID has a dominant presence in both 2Ws and 4Ws. Even in the replacement battery segment, it largely is a duopoly market, with EXID being the market leader. It also has a strong position in both the UPS and inverter segments. Apart from this, it is a dominant player in power and traction batteries. It has the largest distribution network in India with 115k channel partners. Through digitization initiatives, it is now able to give on-the-spot warranty resolutions, which is one of the USPs for the company.
- **EV transition remains the real risk for LAB in the long run:** The transition to electrification globally as well as in India is emerging as a big risk for LAB players in the long run. The only saving grace for Indian players in the near term is the fact that EV transition is picking up pace in 2Ws and 3Ws only at present, and for PVs, it is likely to take a bit longer. However, lithium-ion batteries are now increasingly finding applications in various industrial use cases, including in telecom, traction, UPS, etc.
- **Foray into lithium-ion will have its own challenges:** Given the significant imminent risk to its core business, EXID has forayed into the manufacturing of lithium-ion cells in partnership with S-Volt at a total investment of INR60b in two phases. Further, EXID recently announced that it has secured a non-binding partnership with Hyundai-Kia for localization of LFP cells for one of their global platforms to be produced in India. While EXID can fund this venture through its internal accruals without needing any major funding requirements for this phase, we believe the company's foray into lithium-ion cell manufacturing is likely to see multiple challenges in the coming years, as: 1) most domestic PV OEMs either have their own lithium-ion manufacturing plans or have existing tie-ups, limiting EXID's potential addressable market in this space; 2) the current partnership with Hyundai is non-binding, and hence we need to wait to understand whether this eventually moves into a binding partnership; 3) EXID is setting up a greenfield in this segment without prior experience; we expect its facility to take at least a couple of years to stabilize operations as it goes through its testing and validation phase initially for interested OEMs; 4) EXID is not participating in PLI, which would limit its competitiveness relative to peers that qualify for the same; 5) given the lithium-ion cell manufacturing is a low-margin business globally, we expect this business to be return-dilutive for EXID in the long run, even if this venture is successful; 6) given the significant capital commitment required and doubts about the sustainability of this technology in the long run, we believe the outcome of this venture remains highly uncertain at this stage.
- **Valuation and view:** While the market appears to be upbeat on EXID's lithium-ion foray, we remain cautious about the returns from the business. Besides, the stock at ~25.5x/23.4x FY26/27E EPS appears fairly valued. **Reiterate Neutral with a TP of INR379 (based on 20x June'27E EPS).**

Exhibit 6: Our revised estimates

(INR m)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	178,046	178,046	0.0	194,609	194,609	0.0
EBITDA Margin (%)	12.0	12.0	0bp	12.1	12.0	10bp
PAT	12,349	12,182	1.4	13,464	13,247	1.6
EPS (INR)	14.5	14.3	1.4	15.8	15.6	1.6

Source: MOFSL

Exhibit 7: Valuations – P/E and P/B trading bands



Story in charts

Exhibit 8: Trends in revenue and growth

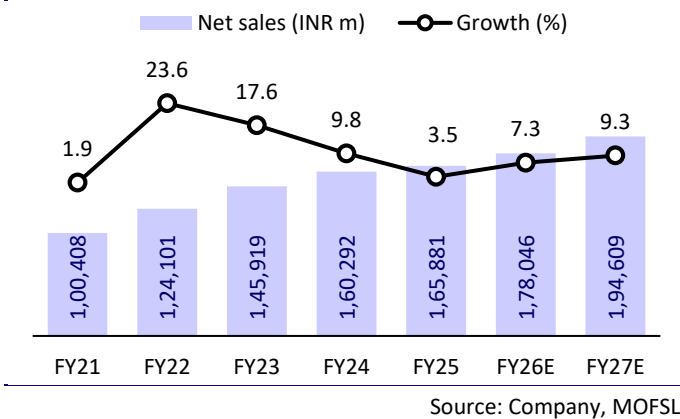


Exhibit 9: Trends in EBITDA and EBITDA margin

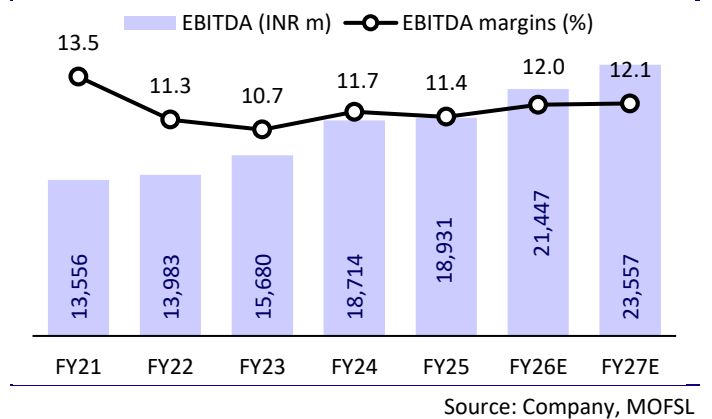


Exhibit 10: PAT and PAT growth trends

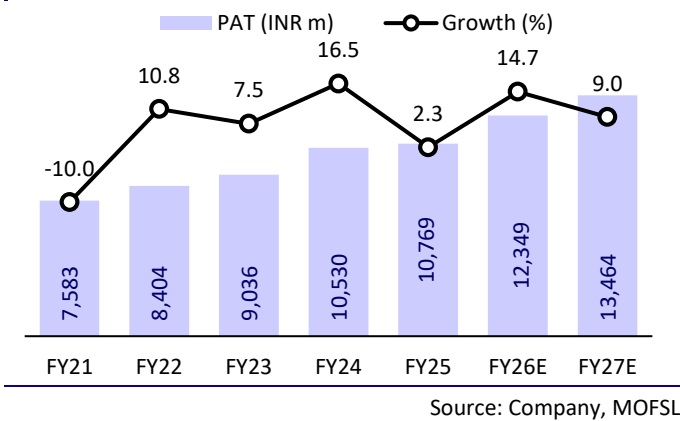


Exhibit 11: Strong FCF driven by healthy CFO

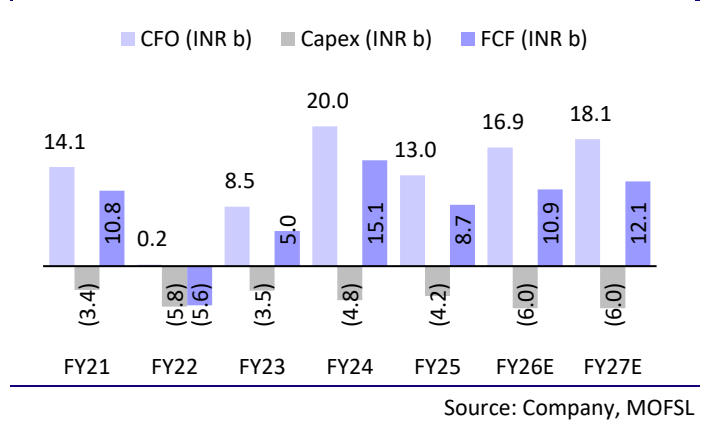


Exhibit 12: Trend in return ratios

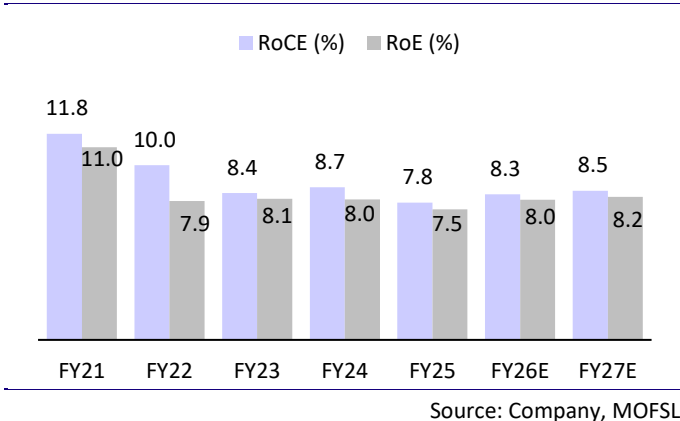
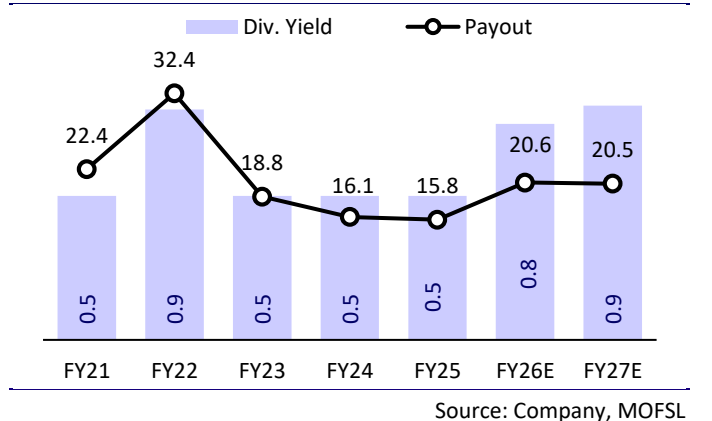


Exhibit 13: Dividend yield and dividend payout (%) trends



Financials and valuations

Income Statement								(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income	98,567	100,408	124,101	145,919	160,292	165,881	178,046	194,609
Change (%)	-6.9	1.9	23.6	17.6	9.8	3.5	7.3	9.3
EBITDA	13,651	13,557	13,984	15,681	18,715	18,932	21,448	23,558
EBITDA Margins (%)	13.8	13.5	11.3	10.7	11.7	11.4	12.0	12.1
Change (%)	-3.3	-0.7	3.1	12.1	19.3	1.2	13.3	9.8
Depreciation	3,626	3,794	4,131	4,558	4,975	5,039	5,301	5,787
EBIT	10,025	9,763	9,852	11,123	13,740	13,893	16,147	17,771
Interest Charges	94	238	394	295	486	439	505	580
Other Income	639	654	805	1,324	845	962	891	835
EO Exp/(Inc)	217	-	(46,938)	-	-	-	-	-
PBT	10,352	10,179	57,199	12,151	14,099	14,415	16,532	18,024
Tax	2,097	2,596	10,356	3,115	3,569	3,646	4,182	4,560
Effective Rate (%)	20.3	25.5	18.1	25.6	25.3	25.3	25.3	25.3
Rep. PAT	8,255	7,583	46,843	9,036	10,530	10,769	12,349	13,464
Change (%)	-2.2	-8.1	517.8	-80.7	16.5	2.3	14.7	9.0
Adj. PAT	8,428	7,583	8,404	9,036	10,530	10,769	12,349	13,464
Change (%)	9.4	-10.0	10.8	7.5	16.5	2.3	14.7	9.0

Balance Sheet								(INR M)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Share Capital	850	850	850	850	850	850	850	850
Reserves	62,111	68,085	105,131	111,248	130,522	143,573	153,373	164,074
Net Worth	62,961	68,935	105,981	112,098	131,372	144,423	154,223	164,924
Loans	0	0	0	2,708	3,856	3,752	3,752	3,752
Deferred Tax Liability	1,019	771	-654	-1,160	-137	108	108	108
Capital Employed	63,980	69,706	105,327	113,646	135,092	148,283	158,082	168,784
Application of Funds								
Gross Fixed Assets	36,039	42,740	48,245	53,473	58,005	62,447	68,447	74,447
Less: Depreciation	12,645	16,361	20,509	24,970	29,353	33,687	38,988	44,775
Net Fixed Assets	23,394	26,379	27,736	28,503	28,652	28,759	29,458	29,671
Capital WIP	2,969	2,008	3,124	1,009	2,017	1,375	1,375	1,375
Investments	21,148	31,012	60,773	63,477	86,258	99,766	105,706	115,206
Curr.Assets	34,911	36,889	41,352	46,362	51,600	58,291	59,104	63,586
Inventory	21,923	23,462	24,647	29,891	32,493	38,274	36,585	39,988
Sundry Debtors	8,154	8,874	11,945	12,745	12,650	15,772	14,634	15,995
Cash & Bank Balance	1,449	825	1,536	681	2,174	1,113	3,007	2,271
Loans & Advances	322	383	0	0	0	0	0	0
Other Current Assets	3,064	3,345	3,223	3,045	4,282	3,132	4,878	5,332
Current Liab. & Prov.	18,441	26,582	27,657	25,705	33,435	39,908	37,560	41,054
Sundry Creditors	10,361	16,483	16,268	15,360	23,199	28,431	21,951	23,993
Other Liabilities	4,478	6,856	8,191	6,962	6,456	6,794	11,707	12,796
Provisions	3,602	3,244	3,198	3,383	3,780	4,683	3,902	4,265
Net Current Assets	16,470	10,307	13,695	20,657	18,165	18,383	21,543	22,532
Application of Funds	63,980	69,705	105,327	113,646	135,092	148,283	158,083	168,784

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
EPS	9.9	8.9	9.9	10.6	12.4	12.7	14.5	15.8
Cash EPS	14.2	13.4	14.7	16.0	18.2	18.6	20.8	22.6
Book Value per Share	74.1	81.1	124.7	131.9	154.6	169.9	181.4	194.0
DPS	4.1	2.0	3.2	2.0	2.0	2.0	3.0	3.3
Payout (Incl. Div. Tax) %	41.3	22.4	32.4	18.8	16.1	15.8	20.6	20.5
Valuation (x)								
P/E	37.3	41.5	37.4	34.8	29.9	29.2	25.5	23.4
Cash P/E	26.1	27.6	25.1	23.1	20.3	19.9	17.8	16.3
EV/EBITDA	21.4	20.9	18.0	16.1	12.3	11.5	9.8	8.5
EV/Sales	3.0	2.8	2.0	1.7	1.4	1.3	1.2	1.0
Price to Book Value	5.0	4.6	3.0	2.8	2.4	2.2	2.0	1.9
Dividend Yield (%)	1.1	0.5	0.9	0.5	0.5	0.5	0.8	0.9
Profitability Ratios (%)								
RoE	13.4	11.0	7.9	8.1	8.0	7.5	8.0	8.2
RoCE	13.8	11.8	10.0	8.4	8.7	7.8	8.3	8.5
RoIC	21.4	19.6	21.3	18.7	22.0	22.9	25.7	27.1
Turnover Ratios								
Debtors (Days)	30	32	35	32	29	35	30	30
Inventory (Days)	81	85	72	75	74	84	75	75
Creditors (Days)	38	60	48	38	53	63	45	45
Working Capital (Days)	73	58	60	68	50	56	60	60
Gross Fixed Asset Turnover (x)	2.7	2.3	2.6	2.7	2.8	2.7	2.6	2.6
Leverage Ratio								
Net Debt/Equity (x)	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR M)								
OP/(Loss) before Tax	10,352	10,179	57,199	12,151	14,099	14,415	16,146	17,770
Interest/Dividends Received	-429	-362	-225	-233	-237	-212	891	835
Depreciation & Amortisation	3,626	3,794	4,131	4,558	4,975	5,039	5,301	5,787
Direct Taxes Paid	-2,494	-2,721	-10,472	-3,212	-3,707	-3,726	-4,182	-4,560
(Inc)/Dec in Working Capital	-2,155	3,044	-3,479	-4,538	4,874	-2,637	-1,220	-1,724
Other Items	237	200	-46,951	-242	-38	100	0	0
CF from Oper. Activity	9,137	14,134	205	8,484	19,965	12,979	16,935	18,107
(Inc)/Dec in FA+CWIP	-4,646	-3,384	-5,783	-3,493	-4,844	-4,245	-6,000	-6,000
Free Cash Flow	4,491	10,750	-5,579	4,991	15,122	8,735	10,935	12,107
(Pur)/Sale of Invest.	1,397	-9,385	8,537	-5,385	-11,328	-7,558	-5,986	-9,500
CF from Inv. Activity	-3,249	-12,769	2,754	-8,878	-16,172	-11,803	-11,986	-15,500
Interest Rec./(Paid)	-100	-289	-549	-461	-601	-539	-505	-580
Dividends Paid	-4,986	-1,700	-1,698	0	-2,848	-1,596	-2,550	-2,763
CF from Fin. Activity	-5,086	-1,989	-2,247	-461	-2,301	-2,239	-3,055	-3,343
Inc/(Dec) in Cash	802	-623	711	-855	1,493	-1,062	1,894	-736
Add: Beginning Balance	647	1,449	826	1,536	681	2,174	1,113	3,007
Closing Balance	1,449	826	1,536	681	2,174	1,113	3,007	2,271

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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