

May 7, 2025

Core business supports long-term Li-On cell plant bet

About the stock: Exide Industries (EIL) is a part of the duopolistic organised Indian lead acid battery market with presence across automotive & industrial applications. It also has dual presence in Li-On battery space through assembly operations (1.5 GWh, Nexcharge) & Li-On Cell manufacturing venture (12 GWh, Exide Energy Sols).

- Segment mix: automotive sales - 70% & industrial application - 30%.

Q4FY25 Results: On standalone basis, topline for the quarter at Exide came in at ₹4,159 crore, up 3.7% YoY. EBITDA for Q4FY25 came in at ₹467 crore, with EBITDA margins at 11.2% (down 50 bps QoQ). PAT in Q4FY25 stood at ₹255 crore (down 10% YoY). For FY25 total operating revenue came in at ₹16,588 crores up by 3.5% YoY with EBITDA being at ₹1893 crores with margins at 11.4% (down by 30 bps YoY). PAT for the year was at ₹1077 crore (up by 2%).

Investment Rationale:

- Lithium-ion Capex on track, strengthening energy Transition Play:** EIL continues to make meaningful progress in its transition to next – generation energy solutions with its greenfield lithium-ion cell manufacturing facility in Bengaluru. The 6 GWH first phase (part of total 12 GWH) remains on track for commissioning in FY26, with civil work near completion and procurement in motion. Over ₹ 3,600 crore has been invested till date, with a total capex outlay of ~₹ 5,000 crores for 1st phase (6 GWh). The business is being structured to target EV, grid scale storage, telecom, and other industrial applications, offering diversified revenue base. Notably, in the recent past, it has entered into a MoU with Hyundai Motors & Kia for strategic co-operation in India's EV market. This partnership will focus on development, production & supply of battery cells (LFP chemistry) for Hyundai's electric vehicles dedicated to Indian market. *Since the initial commercial operations timeline and margin profile is uncertain for this venture at this point in time, we have continued to value this business separate and continue to report just standalone numbers.*
- Base Lead-Acid business: margin recovery seen going forward:** In Q4FY25, EIL's EBITDA margins declined due to rise in antimony metal prices along with inventory write-offs which together accounted for ₹75 crores impairment. For this EIL has taken consecutive price hikes which will cover the rising cost of antimony. With successive price hikes and continued focus on sourcing efficiency, we anticipate operating leverage benefits to accrue resulting in EBITDA margins in its base lead acid business inching to 12.2%/12.5% levels by FY26E/FY27E. Going forward, in base business, we have built 6.4% sales CAGR over FY25-27E.

Rating and Target Price:

- We retain our positive stance on Exide and are enthused by it being the first company to commission greenfield Li-On cell plant domestically. We assign **BUY** rating on the stock and value EIL at SOTP-based target price of ₹ 450 (₹287 for base business at 18x PE on F27E, ₹108 for investments & stake in other subsidiary & ₹ 55 as 1x Invested Capital-Li-On Cell Plant).

Key Financial Summary

Key Financials	FY21	FY22	FY23	FY24	FY25P	5 year CAGR (FY20-25)	FY26E	FY27E	2 year CAGR (FY25P-27E)
Net Sales	10,041	12,410	14,592	16,029	16,588	11.0%	17,598	18,783	6.4%
EBITDA	1,356	1,398	1,568	1,871	1,893	6.8%	2,149	2,341	11.2%
EBITDA Margins (%)	13.5	11.3	10.7	11.7	11.4		12.2	12.5	
Adjusted Net Profit	758	840	904	1,053	1,077	5.0%	1,216	1,357	12.3%
Adjusted EPS (₹)	8.9	9.9	10.6	12.4	12.7		14.3	16.0	
P/E	41.5	6.7	34.8	29.9	29.2		25.9	23.2	
RoCE (%)	14.0	9.3	9.9	10.5	9.6		10.3	10.7	
RoIC (%)	16.8	24.0	23.7	33.6	32.9		37.8	41.1	

Source: Company, ICICI Direct Research; These are standalone numbers



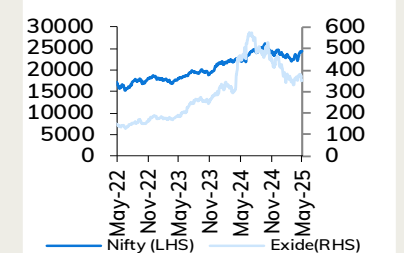
Particulars

Particular	₹ crore
Market Capitalization	31,450
Total Debt (FY25P)	0
Cash & Inv. (FY25P)	258
EV (₹ Crore)	31,192
52 week H/L (₹)	620 / 328
Equity capital	₹ 85 Crore
Face value	₹ 1

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	46.0	46.0	46.0	46.0
FII	13.7	12.3	11.8	11.6
DII	17.9	18.0	17.6	17.2
Other	22.4	23.7	24.6	25.3

Price Chart



Recent event & key risks

- Exide Industries reports muted Q4FY25 with EBITDA margins at 11.2%, down 50 bps QoQ
- Key Risk: (i) delay in Li-On cell plant commissioning (ii) lower than anticipated gains from operating leverage at its base lead acid business

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Q4FY25 Earnings Conference call highlights

Market Overview: Exide encountered mixed demand across segments, with double digit growth in automotive replacement demand (both four- and two-wheeler), Solar & auto exports while demand from OEMs were muted. Overall mobility which contributes 35% to the revenue, grew by 15% in Q4. The infrastructure segments (telecom), lagged due to the high base effect from last year's 5G rollout and declined double digit in Q4. While Industrial UPS (used for critical power backups) grew double digit.

Lithium-Ion and Energy Storage Business: The company confirmed that the 6 GWh greenfield project in Bengaluru is progressing as per plan. Civil construction is nearing completion, and equipment procurement is underway. The company aims to begin commercial production by FY26. It aims to ramp up production slowly and have a target to reach 80% capacity utilization in 1-2 years. Exide also emphasized that the lithium-ion business is being structured to address not only EVs but also stationary energy storage applications, which are gaining importance due to the transition toward renewable energy.



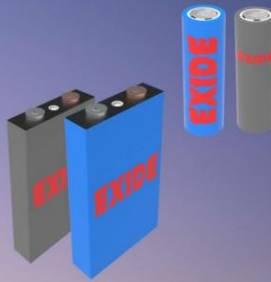
Management Commentary and Outlook: The management expressed confidence in sustaining growth across both the automotive and industrial battery businesses. They expect the aftermarket to remain a core growth driver while the OEM business sees cyclical improvements. For FY26, Exide anticipates a transition period in terms of margin profile, as initial investments in the lithium-ion plant may impact profitability. However, long-term margins are expected to improve as the business scales. Strategic priorities include leadership in lead-acid battery technology, successful commissioning of the lithium-ion plant, and long-term investments in R&D and digital infrastructure.

Margin Impact: During the quarter, operating profitability was impacted due to high input cost in the quarter on account of a considerable increase in the cost of antimony metal which is one of major alloying elements in lead acid battery chemistry leading to an impairment of ₹50 crores. It also had some write off of certain slow and non-moving operating assets amounting to ₹25 crores. To mitigate this effect, it has taken consecutive price hikes from Feb'25 to April'25.

Key tables and charts

Exhibit 1: Exide – Li-On foray – first movers' advantage at play

EXIDE Exide is in advanced stages of setting the cell manufacturing facility

<p>Wholly owned subsidiary Exide Energy Solutions Ltd</p>  <ul style="list-style-type: none"> Setting up of 12 GWh green field project for li-ion cell manufacturing in 2 Phases Offer complete end to end solution: from cell to system - "molecule to megawatt" Equity invested of Rs. 3,602 Crore in EESL done till Apr-25 	<p>Technical Collaboration with SVOLT Technology Solutions Ltd.</p>  <ul style="list-style-type: none"> Leading li-ion cell manufacturer with ~3,000 team members and ~500 experts in li-ion battery R&D Multi-year technical collaboration for li-ion cell technology Support for setting the plant on a turnkey basis 	<p>4 Lines planned for capacity of 6 GWh in Phase-1</p> 
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Source: Company, ICICI Direct Research

Exhibit 2: Exide – Li-on battery pack assembly plant at Prantij, Gujarat

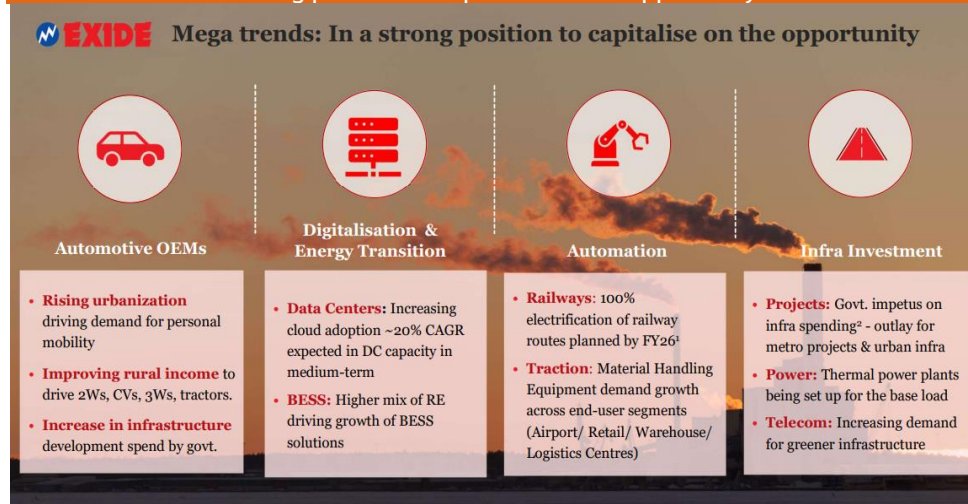
EXIDE Fully Operational Pack manufacturing facility at Prantij, Gujarat





Source: Company, ICICI Direct Research

Exhibit 3: Exide – In strong position to capitalise on the opportunity



Source: Company, ICICI Direct Research

Exhibit 4: SOTP valuation

SOTP Valuation	Estimated value	Value per share	Remark
Standalone Business			
FY27E EPS	16.0		Valuing the base (lead acid battery business) at 18x PE
P/E Multiple	18		
Value per share (₹, A)		287	
Long Term Investments			
HDFC Life Insurance Stake (₹ crore)	7,221		Using house target price of ₹ 830/share on HDFC Life.
Value per share (₹, B)		85	
Value of other subsidiaries (₹ crore)	1017		
Value of other subsidiaries (₹, C)		23	1x trailing P/B
Li-On Cell Plant	5,000		Valuing it at 1x invested capital (~₹ 5,000 crore in Phase-1, 6 GWH)
Value per share (₹, D)		55	
SoTP based target price (A+B+C+D)		450	

Source: ICICI Direct Research

Since the initial commercial operations timeline and margin profile is uncertain for this venture at this point in time, we have continued to value this business separate and continue to report just standalone numbers.

Financial Summary (Standalone)

Exhibit 5: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Total operating Income	16029	16588	17598	18783
Growth (%)	9.8	3.5	6.1	6.7
Raw Material Expenses	11068	11389	11982	12789
Employee Expenses	983	1056	1109	1183
Other Expenses	2107	2250	2358	2470
Total Operating Expenditure	14158	14695	15449	16443
EBITDA	1871	1893	2149	2341
Growth (%)	19.3	1.2	13.5	8.9
Depreciation	497	504	528	563
Interest	49	44	64	44
Other Income	85	96	69	81
PBT	1410	1441	1626	1814
Exceptional Item	0	0	0	0
Total Tax	357	365	410	457
Reported PAT	1053	1077	1216	1357
Growth (%)	16.5	2.3	12.9	11.6
EPS (₹)	12.4	12.7	14.3	16.0

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Profit after Tax (adjusted)	1053	1077	1216	1357
Add: Depreciation	497	504	528	563
(Inc)/dec in Current Assets	-358	-817	326	-359
Inc/(dec) in CL and Provisions	760	643	-438	233
CF from operating activities	1952	1407	1632	1794
(Inc)/dec in Investments	302	110	90	-300
(Inc)/dec in Fixed Assets	-2206	-1455	-1700	-1000
Others	-775	-396	-23	-23
CF from investing activities	-2679	-1742	-1633	-1323
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	0	0	250	-250
Dividend paid & dividend tax	-170	-170	-187	-213
Others	1044	398	0	0
CF from financing activities	874	228	63	-463
Net Cash flow	148	-107	63	9
Opening Cash	75	223	116	178
Closing Cash	223	116	178	187

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Liabilities				
Equity Capital	85	85	85	85
Reserve and Surplus	13,052	14,357	15,387	16,531
Total Shareholders funds	13,137	14,442	15,472	16,616
Total Debt	0	0	250	0
Deferred Tax Liability	0	11	11	12
Other non-current liabilities	470	464	499	534
Total Liabilities	13,607	14,917	16,232	17,162
Assets				
Gross Block	5,857	6,376	6,876	7,376
Less: Acc Depreciation	3,011	3,515	4,043	4,607
Net Block	2,846	2,861	2,833	2,769
Capital WIP	2,504	3,440	4,640	5,140
Total Fixed Assets	5,349	6,300	7,472	7,909
Investments	6,339	6,685	6,650	7,005
Inventory	3,249	3,827	3,616	3,860
Debtors	1,264	1,577	1,446	1,544
Loans and Advances	33	43	45	48
Cash	223	116	178	187
Total Current Assets	5,068	5,778	5,514	5,882
Creditors	2,310	2,831	2,411	2,573
Provisions	318	394	335	358
Total Current Liabilities	3,259	3,902	3,464	3,698
Net Current Assets	1,808	1,876	2,050	2,185
Other non-current assets	111	56	59	63
Total Assets	13,607	14,917	16,232	17,162

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY24	FY25P	FY26E	FY27E
Per share data (₹)				
EPS	12.4	12.7	14.3	16.0
Cash EPS	18.2	18.6	20.5	22.6
BV	154.6	169.9	182.0	195.5
DPS	2.0	2.0	2.2	2.5
Cash Per Share	2.6	1.4	2.1	2.2
Operating Ratios (%)				
EBITDA Margin	11.7	11.4	12.2	12.5
PBT / Net sales	8.6	8.4	9.2	9.5
PAT Margin	6.6	6.5	6.9	7.2
Inventory days	74.0	84.2	75.0	75.0
Debtor days	28.8	34.7	30.0	30.0
Creditor days	52.6	62.3	50.0	50.0
Return Ratios (%)				
RoE	8.0	7.5	7.9	8.2
RoCE	10.5	9.6	10.3	10.7
RoIC	33.6	32.9	37.8	41.1
Valuation Ratios (x)				
P/E	29.9	29.2	25.9	23.2
EV / EBITDA	16.6	16.5	14.6	13.2
EV / Net Sales	1.9	1.9	1.8	1.6
Market Cap / Sales	2.0	1.9	1.8	1.7
Price to Book Value	2.4	2.2	2.0	1.9
Solvency Ratios				
Debt: Equity	-	-	0.0	-
Quick Ratio	0.5	0.5	0.5	0.5

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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