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Macro-economic drivers for enduring growth...

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%.

Investment Rationale:

- GST Rationalization: Structural boost for Automobile industry:** Government has announced GST 2.0 reforms thereby reducing GST rates for the automobile sector across the segments and value chain. Small cars, two wheelers up to 350cc, and three-wheelers will now attract 18% GST vs. 28% earlier, while buses & trucks also shift to 18% rate. Farm machinery like tractors & their components have also seen a reduction from 12% to 5%. Total tax incidence for larger passenger cars, SUVs is also reduced from 43-50% to 40%. Furthermore, uniform 18% GST rate on all auto parts has been introduced. Exide stands to benefit from GST rationalization, as the move towards a uniform lower tax slab on auto components and batteries will improve cost competitiveness and demand across both OEM and replacement markets. It will also benefit from pick up in new vehicle sales post GST rate cut given their market leadership in this segment.
- Lithium-ion Capex on track, strengthening energy Transition Play:** EIL continues to make 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 by FY26 end, with civil work near completion and procurement in motion. Over ₹ 3,800 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 Electric Vehicles, grid scale storage, telecom & 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 (LFP battery space).
- Base Lead-Acid business: margin recovery seen going forward:** In Q1FY26, EIL's EBITDA margins recovered due to better price realisation, improved product mix and benefits from various cost excellence projects. With successive price hikes in Q4FY25 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%/12.3% levels by FY26E/FY27E. Auto replacement market is seen supporting growth in this segment amid tepid Auto OEM sales volume growth trends.

Rating and Target Price:

- We maintain a positive outlook on Exide, driven by it being the first company in India to commission sizeable greenfield Li-On cell plant and potential pickup in demand prospects at its base (lead acid) business. We maintain **BUY** rating on the stock & value EIL at SOTP-based target price of **₹ 480** (₹318 for base business at 20x PE on F27E, ₹103 for investments & stake in other subsidiary & ₹ 59 as 1x Invested Capital-Li-On Cell Plant).

Key Financial Summary

Key Financials	FY21	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Sales	10,041	12,410	14,592	16,029	16,588	11.0%	17,626	18,764	6.4%
EBITDA	1,356	1,398	1,568	1,871	1,893	6.8%	2,110	2,309	10.4%
EBITDA Margins (%)	13.5	11.3	10.7	11.7	11.4		12.0	12.3	
Adjusted Net Profit	758	840	904	1,053	1,077	5.0%	1,198	1,352	12.1%
Adjusted EPS (₹)	8.9	9.9	10.6	12.4	12.7		14.1	15.9	
P/E	46.2	7.5	38.8	33.3	32.5		29.2	25.9	
RoCE (%)	14.0	9.3	9.9	10.5	9.6		10.0	10.5	
RoIC (%)	16.8	24.0	23.7	33.6	32.9		36.7	40.5	

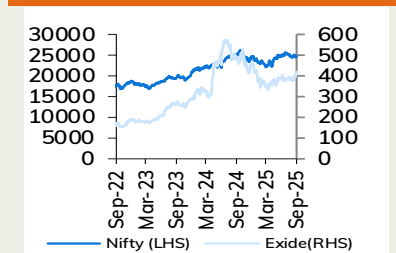
Source: Company, ICICI Direct Research; These are standalone numbers

**Particulars**

Particular	₹ crore
Market Capitalization	35,020
Total Debt (FY25)	0
Cash & Inv. (FY25)	258
EV (₹ Crore)	34,762
52 week H/L (₹)	535 / 328
Equity capital	₹ 85 Crore
Face value	₹ 1

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	46.0	46.0	46.0	46.0
FII	12.3	11.8	11.6	11.5
DII	18.0	17.6	17.2	17.4
Other	23.7	24.6	25.3	25.2

Price Chart**Recent event & key risks**

- GST 2.0 reforms – demand booster for domestic auto space
- Steady Q1'26 with O/p margins at 12.2%, up 100 bps QoQ
- Key Risk: (i) lower than anticipated gains from base lead acid business (ii) delay in Li-On cell plant commissioning

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Buy: >15%

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Reduce: -15% to -5%;

Sell: <-15%



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