

EXIDE INDUSTRIES

RESULT UPDATE

KEY DATA

Rating	HOLD
Sector relative	Underperformer
Price (INR)	381
12 month price target (INR)	370
52 Week High/Low	473/328
Market cap (INR bn/USD bn)	324/3.7
Free float (%)	53.4
Avg. daily value traded (INR mn)	1,065.4

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	45.99%	45.99%	45.99%
FII	10.88%	11.47%	11.60%
DII	18.46%	17.39%	17.15%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

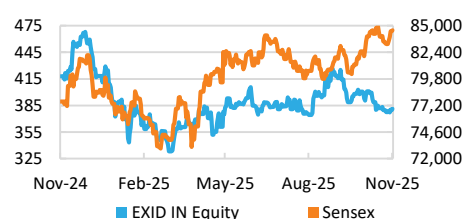
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	165,881	175,149	186,952	198,856
EBITDA	18,931	19,810	22,723	24,214
Adjusted profit	10,769	11,247	13,196	14,135
Diluted EPS (INR)	12.7	13.2	15.5	16.6
EPS growth (%)	2.3	4.4	17.3	7.1
RoAE (%)	7.8	7.6	8.3	8.3
P/E (x)	30.1	28.8	24.5	22.9
EV/EBITDA (x)	17.0	16.4	14.3	13.4
Dividend yield (%)	0.5	0.7	0.8	0.9

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	175,149	186,952	-1	-1
EBITDA	19,810	22,723	-7	-1
Adjusted profit	11,247	13,196	-9	0
Diluted EPS (INR)	13.2	15.5	-9	0

PRICE PERFORMANCE



EBITDA miss; lithium project on track

Revenue decreased 2% YoY to INR41.8bn, 2% below estimates, as channel partners temporarily postponed purchases after the announcement of GST rationalisation. EBITDA contracted 18% YoY to INR3.9bn, 26% below estimate due to revenue miss, higher input cost and provision for EPR. Factoring in lower revenue and margin assumptions, we are cutting FY25–28E EBITDA by up to 7%.

We are building in a core (lead acid battery) revenue/EBITDA CAGR of 6%/9% over FY25–28E. Retain 'HOLD' with a TP of INR370 (earlier INR380), ascribing a 15x PE to Sep-27E EPS to the lead acid battery business and value of investments in HDFC Life/lithium cell entity at INR131/share. The stock is trading at 30x/29x/25x PE for FY25A/26E/27E.

Q2FY26 EBITDA below estimates

Revenue dipped 2% YoY to INR41.8bn (our estimate: INR45.1bn), slightly below estimates. Revenue dipped as channel partners temporarily delayed purchases post-GST-cut announcement. The company reduced production in Aug–Sep, anticipating softer demand in Q2FY26. EBITDA contracted 18% YoY to INR3.9bn (our estimate: INR5.3bn), below estimate due to revenue miss, higher input cost and provision for EPR (Extended Producer Responsibility). PAT fell 26% YoY to INR2.2bn (our estimate: INR3.3bn), below estimate due to lower operating profit.

Stable growth likely in core business (lead acid batteries)

We are building in a 6% revenue CAGR for the core lead acid batteries business over FY25–28E led by growth in the auto and industrial segments. We forecast an auto revenue CAGR of 6% driven by the underlying OEM industry growth and stable replacement demand. The industrial segment's revenue is likely to expand at a CAGR of 8%—likely driven by categories such as UPS and solar/power segments.

Enhanced EV focus

Lithium battery demand is anticipated to rise to 100GWH-plus by 2030. Considering the opportunity, the focus is on setting up a lithium cell facility of 6GWH capacity in Phase 1 in collaboration with SVOLT. Having added Hyundai/Kia and Atul Auto, the company is making efforts to on-board customers across mobility, industrial and stationary applications. In Phase 2, another 6GWH capacity is likely to be added. Total planned investments for Phases 1 and 2 are INR70bn. Although the entry into the lithium-ion space would ensure long-term survival, there is a marked increase in competitive intensity from Chinese imports/ domestic players (Reliance Industries, Ola Electric, Suzuki, Tata Sons, Jindal, ACME, etc) and Exide's inability to qualify for PLIs.

Financials

Year to March	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Revenue	41,783	42,673	(2.1)	45,098	(7.4)
EBITDA	3,947	4,836	(18.4)	5,482	(28.0)
Adjusted Profit	2,207	2,978	(25.9)	3,205	(31.1)
Diluted EPS (INR)	2.6	3.5	(25.9)	3.8	(31.1)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	165,881	175,149	186,952	198,856
Gross profit	51,991	53,946	58,890	62,640
Employee costs	10,558	11,191	11,863	12,575
Other expenses	22,501	22,945	24,304	25,851
EBITDA	18,931	19,810	22,723	24,214
Depreciation	5,039	5,334	5,671	5,998
Less: Interest expense	439	400	450	400
Add: Other income	962	1,000	1,040	1,082
Profit before tax	14,415	15,076	17,642	18,897
Prov for tax	3,646	3,829	4,446	4,762
Less: Other adjustment	0	0	0	0
Reported profit	10,769	11,247	13,196	14,135
Less: Excp.item (net)	0	0	0	0
Adjusted profit	10,769	11,247	13,196	14,135
Diluted shares o/s	850	850	850	850
Adjusted diluted EPS	13	13	16	17
DPS (INR)	2.0	2.6	3.1	3.3
Tax rate (%)	25.3	25.4	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Gross profit margin (%)	31.3	30.8	31.5	31.5
Staff cost % sales	6.4	6.4	6.3	6.3
Other expenses % sales	13.6	13.1	13.0	13.0
EBITDA margin (%)	11.4	11.3	12.2	12.2
Net profit margin (%)	6.5	6.4	7.1	7.1
Revenue Gth. (% YoY)	3.5	5.6	6.7	6.4
EBITDA growth (% YoY)	1.2	4.6	14.7	6.6
Adj. profit growth (%)	2.3	4.4	17.3	7.1

Assumptions

Year to March	FY25A	FY26E	FY27E	FY28E
Auto OEM (INRmn)	24,976.2	26,856.1	28,437.6	29,827.8
Auto Aftermar. (INRmn)	66,312.9	72,793.9	78,846.9	85,307.3
Inverter (INRmn)	27,812.3	25,541.0	25,323.8	25,145.7
Other Industrial (INRmn)	46,779.2	49,958.2	54,343.2	58,575.3

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	30.1	28.8	24.5	22.9
Price/BV (x)	2.2	2.1	2.0	1.8
EV/EBITDA (x)	17.0	16.4	14.3	13.4
Dividend yield (%)	0.5	0.7	0.8	0.9

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	850	850	850	850
Reserves	143,573	152,571	163,128	174,435
Shareholders funds	144,423	153,421	163,978	175,285
Minority interest	0	0	0	0
Borrowings	0	1,000	1,000	0
Trade payables	39,041	40,679	42,713	44,727
Other liabs & prov	4,726	5,188	5,696	6,255
Total liabilities	188,191	200,288	213,387	226,267
Net block	28,552	28,208	27,526	26,516
Intangible assets	207	217	228	240
Capital WIP	1,375	1,375	1,375	1,375
Total fixed assets	30,135	29,801	29,129	28,131
Non current inv	99,719	109,632	119,632	129,632
Cash/cash equivalent	1,159	498	247	65
Sundry debtors	15,772	16,653	17,775	18,907
Loans & advances	600	634	677	720
Other assets	40,806	43,071	45,927	48,813
Total assets	188,191	200,288	213,387	226,267

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	13,453	14,076	16,602	17,815
Add: Depreciation	5,039	5,334	5,671	5,998
Interest (net of tax)	439	400	450	400
Others	(2,129)	0	0	0
Less: Changes in WC	(1,140)	(1,080)	(1,479)	(1,489)
Operating cash flow	12,018	14,901	16,798	17,963
Less: Capex	(4,505)	(5,000)	(5,000)	(5,000)
Free cash flow	7,513	9,901	11,798	12,963

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	7.8	7.6	8.3	8.3
RoCE (%)	10.8	10.4	11.3	11.3
Inventory days	113	118	119	119
Receivable days	31	34	34	34
Payable days	115	120	119	117
Working cap (% sales)	8.1	8.3	8.6	8.8
Gross debt/equity (x)	0	0.7	0.6	0
Net debt/equity (x)	(1.7)	(0.5)	(0.3)	(0.8)
Interest coverage (x)	33.8	38.7	40.2	48.2

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	2.3	4.4	17.3	7.1
RoE (%)	7.8	7.6	8.3	8.3
EBITDA growth (%)	1.2	4.6	14.7	6.6
Payout ratio (%)	15.8	20.0	20.0	20.0

Q2FY25 conference call takeaways

Lead acid battery (LAB)

- **Margin outlook:** The company expects margin to be in the 12–13% range over coming quarters.
- **Q3FY26 outlook:** Q3 performance is expected to improve driven by sustained growth in Auto OEM/replacement segments, solar and home UPS. The Industrial UPS and infra segments are likely to remain flat while Telecom and Exports are expected to decline. Furthermore, exports are expected to rebound Q4FY26 onwards and reach a steady-state from Q1FY27 owing to expansion to new geographies and a new portfolio.
- **H1FY26/ Q2FY26 performance:** The Auto OEM and replacement segments recorded growth, whereas Industrial and home UPS, Solar and Industrial infra remained flat. Telecom and export markets contracted. The 4W and 2W replacement in Q2 grew 10–11%. Solar segment fell 5% YoY in Q2FY26 versus +35% YoY growth in Q1FY26 due to GST cut. In H1FY26, 88% of the revenue grew by 7%, supported by growth in auto replacement, Solar, and UPS. Further, 12% of the revenue in H1FY26 declined due to exports, last mile mobility (e-rickshaw), and telecom.
- **Q2FY26 profitability** was impacted due to higher input cost and EPR-related cost. EBITDA fell 18% YoY.
- **Price hike:** The company had passed on most of the input cost-related increases in Q1; however, post the GST announcement, the company has not taken any price hike. It will take further pricing action in Q4FY26.
- The company will move complete production of 2W battery to punch grid technology by CY25-end. This will result in better cost saving and efficiency.

Lithium-Ion business

- **Investment:** Exide has invested INR5.8bn in H1FY26 and additional INR650mn in Oct-25 taking the total investment to INR39.5bn. The company expects to start production towards the end of FY26.
- The first line to start will be the NMC battery with cylindrical cells for a 2W application. The second line will be for the production of LFP (prismatic cells) for stationary application.
- **Capacity utilisation:** Utilisation in FY27 is expected at ~30% with the start of production at Line 1 (NMC battery for 2W) and partial utilisation at Line 3 (LFP battery for stationary application).

Exhibit 1: Changes in estimates; FY25–28E EBITDA cut by up to 7% on lower revenue and margin assumptions

INR mn	Old estimates			New estimates			Variance (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net revenues	177,080	189,307	201,444	175,149	186,952	198,856	-1	-1	-1
EBITDA	21,348	23,001	24,606	19,810	22,723	24,214	-7	-1	-2
Adjusted Profit	12,320	13,254	14,092	11,247	13,196	14,135	-9	0	0
Diluted EPS (INR)	14.5	15.6	16.6	13.2	15.5	16.6	-9	0	0

Source: Nuvama Research

Exhibit 2: Key revenue assumptions: 6% CAGR over FY25–28E

Key revenue assumptions (INR mn)	FY24	FY25	FY26E	FY27E	FY28E	FY25-28E CAGR (%)
Automotive	113,579	119,101	125,191	132,608	140,281	6%
Growth (%)	9	5	5	6	6	
-OEM	23,226	24,976	26,856	28,438	29,828	6%
Growth (%)	9	8	8	6	5	
-Aftermarket	60,409	66,313	72,794	78,847	85,307	9%
Growth (%)	11	10	10	8	8	
-Inverter/Others	29,944	27,812	25,541	25,324	25,146	-3%
Growth (%)	5	(7)	(8)	(1)	(1)	
Industrial	46,712	46,779	49,958	54,343	58,575	8%
Growth (%)	11	0	7	9	8	
Total Revenue	160,292	165,881	175,149	186,952	198,856	6%
Growth (%)	9.8	3.5	5.6	6.7	6.4	

Source: Company, Nuvama Research

Exhibit 3: SotP at INR370/share

	Basis of Valuation	Equity value (INRmn)	Equity value/share (INR)
Core business (lead acid batteries)	15x Sep-27E EPS	204,982	241
Value of investments			
HDFC Life Insurance (4% stake)	Market cap (20% holdco discount)	53,606	63
EESL - Lithium batteries (100% stake)	1x P/B	58,022	68
Total			372
Total (Rounded off)			370

Source: Nuvama Research

Exhibit 4: Quarterly snapshot (standalone, INR mn); EBITDA below estimates

Year to March	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net revenues	41,783	42,673	(2.1)	45,098	(7.4)
Raw material	29,323	29,213	0.4	31,193	(6.0)
Staff costs	2,684	2,675	0.3	2,740	(2.1)
Other expenses	5,830	5,948	(2.0)	5,684	2.6
Total expenditure	37,836	37,837	(0.0)	39,616	(4.5)
EBITDA	3,947	4,836	(18.4)	5,482	(28.0)
Depreciation	1,306	1,270	2.8	1,276	2.3
EBIT	2,641	3,566	(25.9)	4,206	(37.2)
Less: Interest Expense	89	103	(13.2)	91	(1.5)
Add: Other income	424	528	(19.7)	182	133.6
Add: Prior period items					
Add: Exceptional items	0	0		0	
Profit before tax	2,976	3,991	(25.4)	4,297	(30.7)
Less: Provision for Tax	768	1,014	(24.2)	1,093	(29.7)
Less: Minority Interest					
Add: Adjustments	0	0		0	
Reported Profit	2,207	2,978	(25.9)	3,205	(31.1)
Adjusted Profit	2,207	2,978	(25.9)	3,205	(31.1)
No. of Diluted shares outstanding	850	850		850	
Adjusted Diluted EPS	2.6	3.5	(25.9)	3.8	(31.1)
As a % revenues					
Year to March	Q2FY26	Q2FY25	bps change (YoY)	Q1FY26	bps change (QoQ)
Gross margins	29.8	31.5	(172)	30.8	(101)
Raw material	70.2	68.5	172	69.2	101
Staff costs	6.4	6.3	15	6.1	35
Other expenses	14.0	13.9	1	12.6	135
EBIDTA	9.4	11.3	(189)	12.2	(271)
Adjusted net profit	5.3	7.0	(169)	7.1	(182)
Tax rate (% PBT)	25.8	25.4	43	25.4	40

Source: Company, Nuvama Research

Company Description

Exide Industries Limited, incorporated in 1947, is a leading battery manufacturer in India. Exide designs, manufactures, markets, and sells the widest range of lead acid storage batteries in the world from 2.5Ah to 20,200Ah capacity, to cover the broadest spectrum of applications. The batteries are manufactured for automotive, power, telecom, infrastructure projects, computer industries, as well as railways, mining, and defense sectors. The company enjoys leadership position in India and its exports span 60 countries across six continents. Exide has set up wholly owned subsidiary, Exide Energy Solutions, under which it is in an advanced stage of setting up a multi-giga-watt-hour plant for manufacture of lithium-ion cells.

Investment Theme

Old-line auto and industrial batteries (lead acid batteries) shall charge up Exide's revenue/EBITDA CAGR to 6%/9% over FY25–28E. What would truly power up the company is its consequential transition to the imminent technology change, for which it is setting up a lithium-ion cell manufacturing facility—to tap into exploding EVs and storage applications in collaboration with SVOLT of China. The initial phase of the project is likely to be complete by FY26. Although, the entry into the lithium-ion space would ensure long-term survival/growth, there is increase in competitive intensity from Chinese imports/ domestic players (Reliance Industries, Ola Electric, Suzuki, Tata Sons, Jindal India Renewable Energy, etc) and company's inability to qualify for PLI incentives.

Our TP stands at INR370, based on 15x P/E on Sep-27E EPS for lead acid batteries business, 1x investment value for lithium business (at similar valuation to global small/medium battery companies) and value of investments in HDFC Life at INR63/share. Considering the execution risks and failure to receive PLI incentives, we recommend 'HOLD'.

Key Risks

- Slowdown in domestic OEM and replacement demand, leading to cut in revenue assumptions
- Slower growth in industrial demand, leading to cut in revenue assumptions
- Increased competitive intensity in lithium business leading to delays in utilization ramp-up, and margin pressures
- Sharp surge in input costs
- Changing battery technologies leading to fresh investments, and low IRR for existing investments.

Additional Data

Management

Chairman & Independent Director	Sridhar Gorthi
MD & CEO	Avik Kumar Roy
Director - Finance and CFO	Manoj kumar Agarwal
Company Secretary & President (Legal & Corporate Affairs)	Jitendra Kumar
Auditor	S. R. Batliboi & Co. LLP

Holdings – Top 10*

% Holding		% Holding	
Hathway Investment	4.32	Franklin Resources	1.38
LIC	2.77	DSP Investment	1.12
Norges Bank	2.16	BlackRock Inc	0.99
Vanguard Group	2.05	Kotak Mahindra	0.96
Aditya Birla Sunlife	1.62	Nippon Life	0.82

*Latest public data

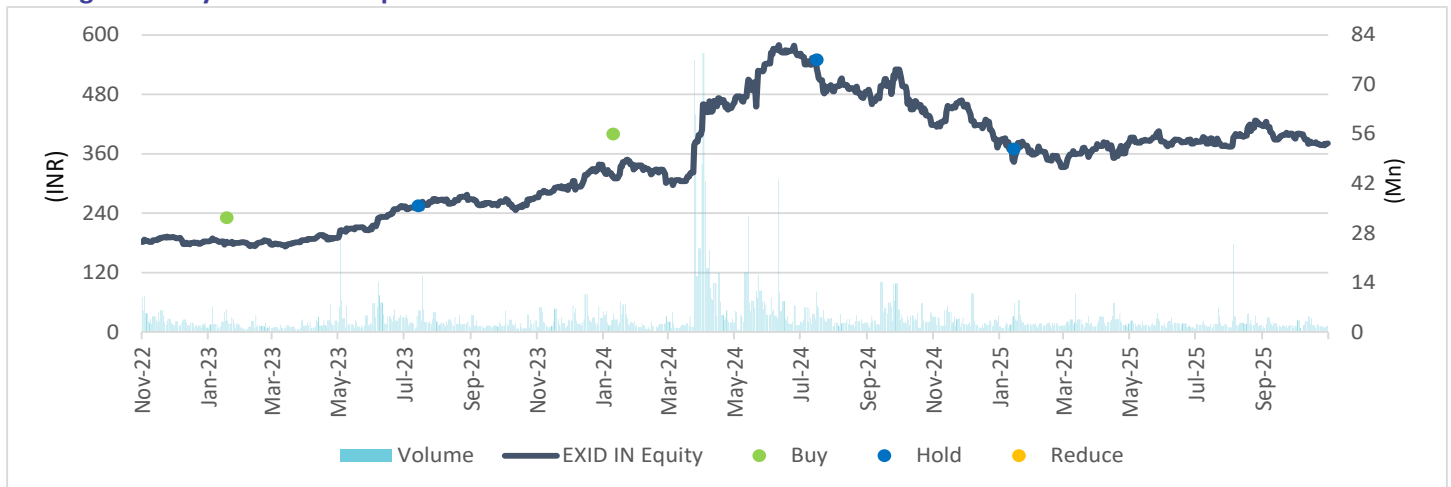
Recent Company Research

Date	Title	Price	Reco
05-Aug-25	EBITDA in-line; lithium project on track; <i>Result Update</i>	385	Hold
30-Apr-25	Q4 EBITDA miss; lithium project on track; <i>Result Update</i>	355	Hold
28-Jan-25	Q3 revenue miss; lithium project on trac; <i>Result Update</i>	382	Hold

Recent Sector Research

Date	Name of Co./Sector	Title
15-Nov-25	Tata Motors PV	Q2 EBITDA miss; JLR outlook subdued; <i>Result Update</i>
14-Nov-25	Hero MotoCorp	Q2 EBITDA beat; rural to aid growth; <i>Result Update</i>
14-Nov-25	APTY	Robust Q2; outlook remains positive; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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