

Company Details

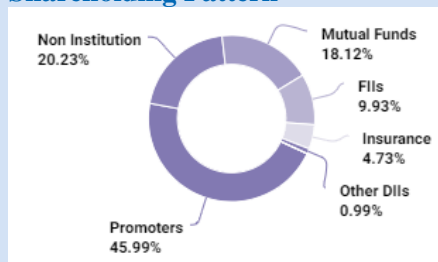
CMP:	Rs.217
Face value:	Rs.1
Market cap:	Rs.18,547.00 Crs.
TTM EPS	Rs.9.68
52 week high:	Rs. 304.65
52 week low:	Rs.194.65
BSE Code:	500086
Sector	Auto Parts & Equipment

Consolidated 9M

Financial Highlights (YoY)

Rs. in crores	9M FY19	9M FY18	% Var
Net Sales	7989.65	7000.38	14.1%
Total Expendit	6953.49	6097.65	14.0%
PBDIT	1036.16	902.73	14.8%
Op.Profit	1059.99	940.86	12.7%
OPM (%)	13.3%	13.4%	-1.3%
PBT	933.45	715.91	30.4%
PAT	633.37	478.79	32.3%
EPS (Rs.)	7.45	5.63	32.3%
Equity	85.00	85.00	0.0%

Shareholding Pattern



Price Vs Sensex Chart



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Company Background

Exide Industries Ltd., is a Kolkata based company, incorporated in 1947 is engaged in manufacturing of wide range of storage batteries. The company's product range includes Automotive, Industrial and Submarine batteries. **In India the products are marketed under the brand of Exide, SF, Sonic and standard Furukawa, whereas in International market, the products are marketed under the brand of Dynex, Index & Sonic.** Industrial batteries cater mostly to the infrastructure sector such as Railways, Telecom, Power Plants, Solar Cells, and Inverters & UPS. The company is one of the five companies in the world who has capacity to manufacture high-end Submarine batteries. With 9 plants in Haryana, Uttarakhand, Maharashtra, Tamil Nadu & West Bengal are located strategically near the market and ensures diversified geographical regions to expand. The company earns its 95% of the revenue from the domestic market and 5% from export. The Automotive segment, Industrial segment and others contribute 74%, 25% & 1% respectively, to the top line of the company.

Financial Performance

The company has reported Net sales of Rs. 7989 crore during 9M FY19 higher by 14% against Rs. 7000 crore during 9M FY18 on the back of strong volume growth across the segments. **The Net profit was at Rs.633.37 crore in 9M FY19 up by 32.3% against that of Rs.478.79 crores in 9M FY18. The EPS has improved from Rs. 5.63 in 9M FY18 to Rs. 7.45 in 9M FY19.** The board of the company is meeting on April 30th, 2019 to declare the results of Q4FY19 and well as FY19.

Investment Rationale

- The company is focusing on cost control initiative and technological up gradation as strategies to improve bottom line.
- Boss and Dynex and expected to support in gaining the market share with competitive price against the unorganized players.
- **Weakness in Lead Price is likely to aid margins in the coming quarters.**
- The company is **expanding the distribution channel in the semi urban and rural markets through incentivizing dealers and distributors** via promotional schemes and cash discounts. This will support the company to gain the market share in the 2W/4W replacement segments.
- The company has started using Punch grid technology in collaboration with East Penn manufacturing company (one of the largest in American lead acid battery manufacturing company) that will support to produce more resistance and longer life batteries.
- With the expected traction post-election in the domestic automobile (2W/4W) sector, the company will benefit from strong demand from marquee OEMs and demands in e-rickshaws / solar segment are driving the growth in industrial segment.
- Rolling-out commercial production of ultra-batteries, Introduction of multi-tier solutions for different application segments, within the scope of energy storage, and launch high-power-to-energy-ratio battery for E-Rickshaw application would be the focus of the management going forward in FY20.
- The company is virtually Debt free and has been consistently paying dividend since FY07.
- Promoter holds 45.99% whereas, FIIs, Insurance and Mutual Funds hold 9.93%, 4.73% and 18.12% respectively, rest about 20.23% shares of the company are held in Public.

Concerns

Commodity price, competition form unorganized players, muted auto sales and fluctuations in Foreign Exchange rates are the main concerns.

Valuation

The share of the Company is trading at **TTM P/E of 22.4x**. Keeping the continuing uptrend in 2W/4W & Industrial segment, margins to improve on the account of lower lead price and cost control actions from the management, we expect 13% revenue CAGR over FY19-21E on market share gain and to report an **EPS of about Rs. 11.5 for FY20E and with the PE of 24.3x** and accordingly, we estimate the price of the scrip to appreciate to about Rs. 280 (an appreciation of about 30%) over the next 6-12 months.



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Satco Capital Market Ltd. is acting as a Research Analyst and is registered under SEBI (Research Analyst) Regulations, 2014. SEBI Registration No. INH000002343

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