Exide Industries (EXIIND)

ICICI Direct

CMP: ₹445 | Target ₹ 520 (17%) | Target Period: 12 months

BUY

August 4, 2026

Core business resilient, LiOn cell plant nearing commissioning

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 ~50% & industrial application ~50%.

Q1FY27 Results: On standalone basis, topline for the quarter at Exide came in at ₹5,305 crore, up ~18% YoY. EBITDA for Q1FY27 came in at ₹655 crore, with EBITDA margins at 12.4% (up 70 bps QoQ). PAT in Q1FY27 stood at ₹407 crore (up 27% YoY).

Investment Rationale:

- **Base Lead-Acid business: Remains steady than market perception:** EIL continues to demonstrate the strength of its core lead-acid franchise, led by dominant market share in the OEM segment, and aptly supported by high-margin aftermarket domain. More than 90% of the business is currently growing at double-digit rates, with strength visible across automotive OEMs, replacement demand, solar, home UPS, railways, industrial UPS, and motive power applications. Even before lithium-ion contributes meaningfully, management believes the legacy business can sustain high single-digit to low double-digit growth. The company continues to gain from healthy automotive production, robust replacement demand, strong pricing power, enabling margin expansion despite commodity headwinds. Importantly, today's elevated OEM sales create a multi-year replacement cycle that should support future earnings, while investments in debottlenecking ensure capacity remains sufficient.

- **Lithium-ion Capex progressing well, company nears commercialization:** EIL is transitioning from a battery manufacturer to a fully integrated energy storage company with significant long-term optionality. The Bengaluru Gigafactory has moved from construction to commercialization, with customer sampling already underway and revenue expected during FY27. Management sees demand risk as minimal because domestic production primarily substitutes imported cells across two-wheelers, three-wheelers, telecom and future passenger vehicles. Notably, in the recent past, it has entered into a MoU with Hyundai Motors & Kia for strategic co-operation in India's EV 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 on CWIP basis & continue to report just standalone numbers.*

Rating and Target Price

- We maintain a positive outlook on Exide, given steady demand prospects at its base (lead acid) business, and nearing commercialization of 1st phase of lithium-ion capacity (6 GWh), Hence, we maintain **BUY** rating on the stock and value EIL at SOTP-based target price of **₹ 520** (₹360 for base business at 18x PE on FY28E, ₹90 for investments & stake in other subsidiary & ₹ 70 as 1x Invested Capital-Li-On Cell Plant).

EXIDE

Particulars

Particular	₹ crore
Market Capitalization	37,825
Total Debt (FY26)	0
Cash & Inv. (FY26)	424
EV (₹ Crore)	37,401
52-week H/L (₹)	462 / 287
Equity capital	₹ 85 Crore
Face value	₹ 1

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	46.0	46.0	46.0	46.0
FII	10.9	10.9	10.3	10.6
DII	18.5	18.7	19.1	19.3
Other	24.7	24.4	24.6	24.1

Price Chart

Recent event & key risks

- Exide Industries reports healthy Q1FY27 with EBITDA margins at 12.4%.
- Key Risk: (i) delay in Li-On cell plant commissioning and consequent ramp up (ii) lower than anticipated gains from operating leverage at its base lead acid business

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials	FY22	FY23	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Net Sales	12,410	14,592	16,029	16,588	17,269	11.5%	20,409	22,187	13.3%
EBITDA	1,398	1,568	1,871	1,893	1,943	7.5%	2,438	2,757	19.1%
EBITDA Margins (%)	11.3	10.7	11.7	11.4	11.3		11.9	12.4	
Adjusted Net Profit	840	904	1,053	1,077	1,118	8.1%	1,476	1,701	23.4%
Adjusted EPS (₹)	9.9	10.6	12.4	12.7	13.2		17.4	20.0	
P/E	8.1	41.9	35.9	35.1	34.0		25.6	22.2	
RoCE (%)	9.3	9.9	10.5	9.6	9.8		12.0	12.7	
RoIC (%)	24.0	23.7	33.6	32.9	40.0		49.3	54.7	

Source: Company, ICICI Direct Research

Q1FY27 Earnings Conference Call Highlights

- **Demand Environment:** Management highlighted that India's demand environment remains supportive following GST rationalization, with healthy rural and urban sentiment driving automotive and consumer demand. Replacement demand remained robust across battery categories. Although lead prices remained range-bound in USD terms, rupee depreciation increased input costs, prompting calibrated price increases during the quarter. Government infrastructure tenders remained soft but are expected to recover in H2 FY27.
- **Lead-Acid Business Performance**: Growth was broad based across automotive OEM, replacement, industrial and consumer businesses. Automotive OEM recorded its third consecutive quarter of ~20%+ YoY growth, albeit on a low base. Home UPS and inverter batteries benefited from an extended summer season while the solar business achieved its highest-ever quarterly revenue of around ₹400 crore. Industrial infrastructure excluding telecom maintained double-digit growth, while exports returned to over 20% growth after several weak quarters.
- **Pricing and Margins**: Price hikes of roughly 4–6% across product categories were implemented during Q1 to offset commodity inflation and currency depreciation. Management indicated that pricing remains dynamic and further increases will depend on commodity movements rather than following a fixed schedule.
- **6 GWh Capacity Split Between NMC and LFP**: The Bengaluru Gigafactory has achieved a major milestone with all four production lines installed and utilities fully commissioned. Exide has begun supplying customer samples from its NMC cylindrical cell line, marking the company's first domestically manufactured lithium-ion cells. The LFP prismatic line has also commenced sample supplies for three-wheeler & telecom applications. Management expects commercial revenue contribution to begin during FY27 after customer approvals are completed.
- **Commercialisation timeline:** Customer qualification is progressing through homologation with major two-wheeler OEMs. Management expects the first two production lines (NMC and LFP) to ramp relatively quickly once production yields stabilize. Initial utilisation guidance of 25–30% for FY27 remains unchanged, with faster utilisation expected on the LFP line due to shorter approval cycles in telecom, stationary storage and three-wheelers.
- **Capital Allocation:** Exide continues to invest approximately ₹500 crore annually into its lead-acid business through debottlenecking, automation and brownfield expansion. For lithium, the Board has already approved ₹1,400 crore investment during FY27. Management reiterated that future lithium expansion to 12 GWh will require significantly lower incremental capex because land and common infrastructure have already been built for the full 12 GWh capacity.
- **Raw material Localisation:** Most battery materials currently continue to be imported through Exide's technology partner's established supplier network. However, the company is actively working with multiple Indian listed companies to localize electrolytes, cathode materials and anode materials. Management aims to localize 50–60% of bill of materials within the next 2–3 years.

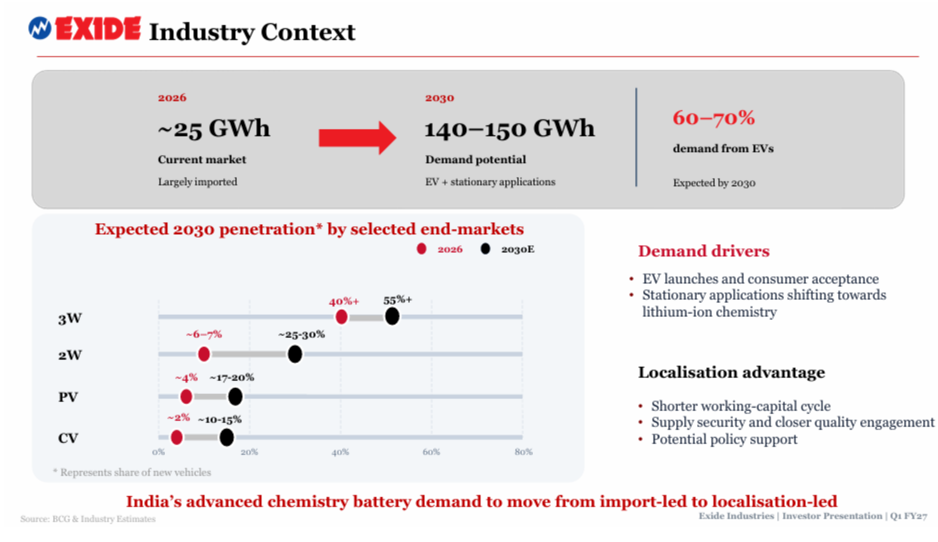
Exhibit 1: Quarterly variance

	Q1FY27	Q1FY26	YoY (Chg %)	Q4FY26	QoQ (Chg %)
Total Operating Income	5,305	4,510	17.6	4,551	16.6
Raw Material Expenses	3,739	3,119	19.9	3,182	17.5
Employee Expenses	300	274	9.6	275	9.2
Other expenses	611	568	7.5	564	8.4
EBITDA	655	548	19.5	530	23.5
EBITDA Margin (%)	12.4	12.2	19 bps	11.7	70 bps
Other Income	14.0	18.2	-22.7	14.2	-1.1
Depreciation	117.6	127.6	-7.8	115.8	1.6
Interest	8.3	9.1	-8.4	8.4	-1.1
Tax	136.1	109.3	24.5	108.0	26.0
Reported PAT	407.3	320.5	27.1	312.4	30.3
EPS (₹)	4.8	3.8	27.1	3.7	30.3

Source: Company, ICICI Direct Research

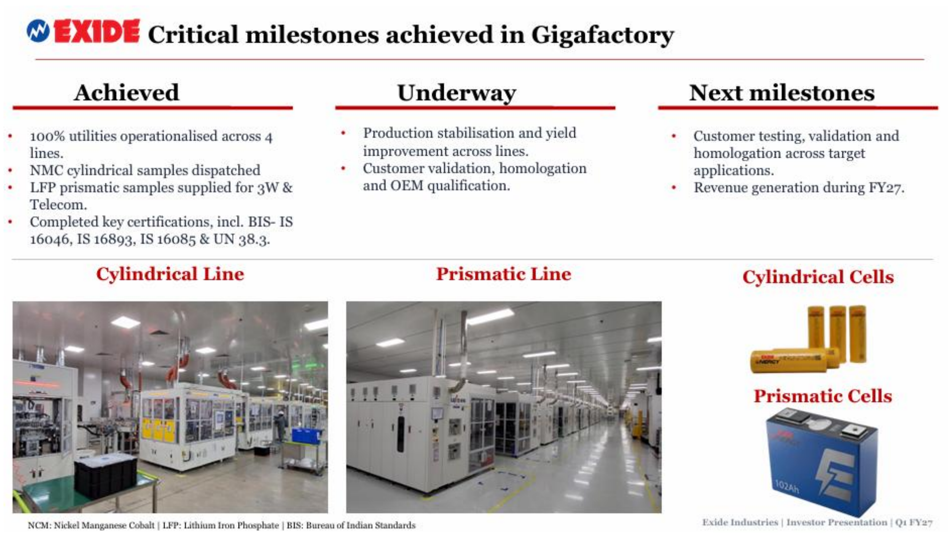
Key Charts & Tables

Exhibit 2: Lithium-ion battery Industry Context



Source: Company, ICICI Direct Research

Exhibit 3: Gigafactory Milestones



Source: Company, ICICI Direct Research

Exhibit 4: SOTP valuation

SOTP Valuation	Estimated value	Value per share	Remark
Standalone Business			
FY28E EPS	20.0		Valuing the base (lead acid battery business) at 18x PE
P/E Multiple	18		
Value per share (₹, A)		360	
Long Term Investments			
HDFC Life Insurance Stake (₹ crore)	6,090		Using house target price of ₹ 700/share on HDFC Life.
Value per share (₹, B)		72	
Value of other subsidiaries (₹ crore)	789		
Value of other subsidiaries (₹, C)		19	1x trailing P/B
Li-On Cell Plant	6,000		Valued at 1x invested capital (~₹ 6,000 crore by FY28)
Value per share (₹, D)		70	
SoTP based target price (A+B+C+D)		**520**	

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total operating Income	16,588	17,269	20,409	22,187
Growth (%)	3.5	4.1	18.2	8.7
Raw Material Expenses	11,389	11,991	14,314	15,480
Employee Expenses	1,056	1,081	1,208	1,287
Other Expenses	2,250	2,254	2,449	2,662
Total Operating Expenditure	14,695	15,326	17,971	19,429
EBITDA	1,893	1,943	2,438	2,757
Growth (%)	1.2	2.6	25.5	13.1
Depreciation	504	501	531	555
Interest	44	35	33	31
Other Income	96	93	98	103
PBT	1,441	1,500	1,972	2,274
Exceptional Item	0	9	0	0
Total Tax	365	380	496	573
Reported PAT	1,077	1,111	1,476	1,701
Growth (%)	2.3	3.2	32.8	15.2
EPS (₹)	12.7	13.1	17.4	20.0

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax (adjusted)	1,077	1,111	1,476	1,701
Add: Depreciation	504	501	531	555
(Inc)/dec in Current Assets	(817)	304	(992)	(553)
Inc/(dec) in CL and Provisions	643	226	681	419
CF from operating activities	1,407	2,143	1,695	2,122
(Inc)/dec in Investments	109	(113)	100	(600)
(Inc)/dec in Fixed Assets	(1,455)	(1,924)	(1,500)	(1,100)
Others	(396)	827	(81)	(126)
CF from investing activities	(1,742)	(1,210)	(1,481)	(1,826)
Issue/(Buy back) of Equity	-	-	-	-
Inc/(dec) in loan funds	-	-	-	-
Dividend paid & dividend tax	(170)	(170)	(221)	(255)
Others	398	(710)	-	-
CF from financing activities	228	(880)	(221)	(255)
Net Cash flow	(107)	53	(7)	40
Opening Cash	223	116	169	162
Closing Cash	116	169	162	202

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	85	85	85	85
Reserve and Surplus	14,357	14,589	15,844	17,290
Total Shareholders funds	14,442	14,674	15,929	17,375
Total Debt	-	-	-	-
Deferred Tax Liability	11	-	-	-
Other non-current liabilities	464	455	490	525
Total Liabilities	14,917	15,128	16,418	17,900
Assets				
Gross Block	6,376	6,775	7,275	7,875
Less: Acc Depreciation	3,515	4,016	4,547	5,101
Net Block	2,861	2,759	2,728	2,773
Capital WIP	3,440	4,965	5,965	6,465
Total Fixed Assets	6,300	7,723	8,693	9,238
Investments	6,685	5,945	5,950	6,705
Inventory	3,827	3,492	4,194	4,559
Debtors	1,577	1,460	1,677	1,824
Loans and Advances	43	55	65	70
Cash	116	169	162	202
Total Current Assets	5,778	5,527	6,512	7,105
Creditors	2,831	3,128	3,635	3,951
Provisions	394	399	463	503
Total Current Liabilities	3,902	4,128	4,809	5,228
Net Current Assets	1,876	1,398	1,703	1,877
Other non-current assets	56	63	74	80
Total Assets	14,917	15,128	16,418	17,900

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (₹)				
EPS	12.7	13.1	17.4	20.0
Cash EPS	18.6	19.0	23.6	26.5
BV	169.9	172.6	187.4	204.4
DPS	2.0	2.0	2.6	3.0
Cash Per Share	1.4	2.0	1.9	2.4
Operating Ratios (%)				
EBITDA Margin	11.4	11.3	11.9	12.4
PBT / Net sales	8.4	8.3	9.3	9.9
PAT Margin	6.5	6.5	7.2	7.7
Inventory days	84.2	73.8	75.0	75.0
Debtor days	34.7	30.9	30.0	30.0
Creditor days	62.3	66.1	65.0	65.0
Return Ratios (%)				
RoE	7.5	7.6	9.3	9.8
RoCE	9.6	9.8	12.0	12.7
RoIC	32.9	40.0	49.3	54.7
Valuation Ratios (x)				
P/E	35.1	33.8	25.6	22.2
EV / EBITDA	19.8	19.3	15.4	13.4
EV / Net Sales	2.3	2.2	1.8	1.7
Market Cap / Sales	2.3	2.2	1.9	1.7
Price to Book Value	2.6	2.6	2.4	2.2
Solvency Ratios				
Debt: Equity	-	-	-	-
Quick Ratio	0.5	0.5	0.4	0.4

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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