Exide Industries (EXIIND)

CMP: ₹360 | Target ₹ 480 (33%) | Target Period: 12 months | BUY

November 6, 2026

Earnings resilient, focus shifts on lithium-ion cell ramp up...

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%.

Q2FY27 Results: On standalone basis, topline for Q2FY27 came in at ₹5,026 crore, up ~20% YoY. EBITDA for Q2FY27 came in at ₹606 crore, with EBITDA margins at 12.1% (down 30 bps QoQ). PAT in Q2FY27 stood at ₹387 crore (up 75% YoY).

Investment Rationale:

- **Base Lead-Acid business: Strong Franchise with Sustained Growth:** 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. The company has demonstrated the ability to grow across both OEM and replacement channels simultaneously, with automotive OEM growth exceeding 25% for the quarter and the replacement business delivering double-digit growth for the fourth consecutive quarter. Additionally, the company's exposure to inverter, tubular and solar batteries offers diversification beyond automotive applications, with home inverter and solar businesses growing 20% and over 40%, respectively, during Q2FY27. Importantly, today's elevated OEM sales create a multi-year replacement cycle that should support future earnings, while continued investments of ₹ 400–500 crore annually in the core business thereby ensuring that the capacity remains sufficient.
- **Long-Term Growth Optionality from Lithium-Ion Cell Manufacturing and Domestic Localisation:** The commissioning of Exide's 6 GWh lithium-ion cell manufacturing facility represents a significant step towards establishing the company as a domestic advanced chemistry cell manufacturer. EIL has moved beyond the initial capex phase and has entered the customer validation and commercialisation stage, with LFP cell revenues already commencing from October and NMC cell validations progressing with leading two-wheeler OEMs. Furthermore, the company's efforts to localise 50–60% of its bill of materials over the next two to three years, could gradually improve cost competitiveness and reduce dependence on imports. *Since the revenue timeline and margin profile is uncertain for this venture now, 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 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 **₹ 480** (₹320 for base business at 16x PE on FY28E, ₹70 for investments & stake in other subsidiary & ₹ 70 as 1x Invested Capital-Li-On Cell Plant).

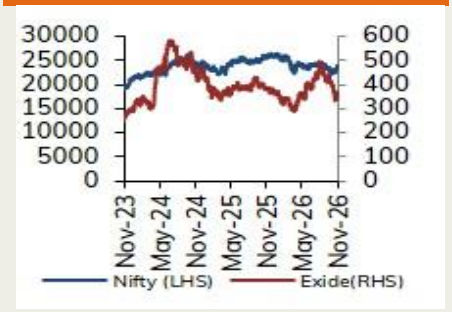
Particulars

Particular	₹ crore
Market Capitalization	30,600
Total Debt (FY26)	0
Cash & Inv. (FY26)	424
EV (₹ Crore)	30,176
52-week H/L (₹)	496 / 287
Equity capital	₹ 85 Crore
Face value	₹ 1

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	46.0	46.0	46.0	46.0
FII	10.9	10.3	10.6	13.2
DII	18.7	19.1	19.3	17.6
Other	24.4	24.6	24.1	23.2

Price Chart



Recent event & key risks

- Exide Industries reports healthy Q2FY27 with o/p margins at 12.1%.
- Key Risk: (i) delay in Li-On cell plant ramp up & customer addition (ii) lower than anticipated gains from o/p leverage at its base business

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials	FY24	FY25	FY26	5-year CAGR (FY21-26)	FY27E	FY28E	FY29E	3-year CAGR (FY26-29E)
Net Sales	16,029	16,588	17,269	11.5%	20,167	21,886	23,799	11.3%
EBITDA	1,871	1,893	1,943	7.5%	2,459	2,745	2,985	15.4%
EBITDA Margins (%)	11.7	11.4	11.3		12.2	12.5	12.5	
Adjusted Net Profit	1,053	1,077	1,118	8.1%	1,507	1,698	1,847	18.2%
Adjusted EPS (₹)	12.4	12.7	13.2		17.7	20.0	21.7	
P/E	29.1	28.4	27.5		20.3	18.0	16.6	
RoCE (%)	10.5	9.6	9.8		12.3	12.6	12.6	
RoIC (%)	33.6	32.9	40.0		50.4	54.5	57.4	

Source: Company, ICICI Direct Research

Q2FY27 Earnings Conference Call Highlights

- **Demand Environment:** The automotive OEM business registered growth of over 25% for the fourth consecutive quarter, supported by higher production and dispatches from vehicle manufacturers. Exide continued to strengthen its position across key OEM platforms and secured high market share in several upcoming launches, including MG Hector Tomahawk and Tata Aeris. The two-wheeler and four-wheeler replacement businesses also delivered their fourth consecutive quarter of double-digit growth, supported by an expanding vehicle parc and the company's extensive distribution network.
- **Strong Performance in Inverter, Solar and Export Businesses**: The home inverter battery business registered ~20% YoY growth, while the solar business grew by over 40% YoY, benefiting from favourable seasonal demand and government initiatives such as the PM Surya Ghar Yojana. Exports also registered growth of over 20% YoY for the second consecutive quarter, although management clarified that this was partly supported by a low base following the significant decline in the previous year due to global challenges.
- **Margin Outlook & Pricing discipline**: Despite elevated input costs arising from geopolitical developments, higher crude oil prices and rupee depreciation, Exide managed to expand its EBITDA margins through calibrated price increases and internal cost optimisation. Management highlighted that softer international lead, and antimony prices did not fully translate into lower input costs because of the weakening rupee against the US dollar. Between January and October, cumulative year-on-year price increases were ~9–10% in four-wheeler batteries and around 5% in two-wheeler batteries. Price increases were also implemented in OEM products, tubular batteries and inverter batteries.
- **Commissioning of Lithium plant:** One of the most significant developments during the quarter was the commissioning of Exide Energy Solutions' 6 GWh lithium-ion cell manufacturing facility in Bengaluru on 23 September 2026. This represents an important milestone in the company's long-term strategy to establish a domestic advanced chemistry cell manufacturing ecosystem. Management highlighted that the majority of the capital expenditure required for the first 6 GWh phase has already been completed. The company has invested a cumulative ₹ 5,352 crore in Exide Energy Solutions till date, including ₹550 crore during the current financial year. Customer qualification and validation processes are progressing, with expectations of approvals from several OEMs and telecom players in the near term.
- **NMC & LFP lines:** On the NMC side, performance testing for cells supplied to some leading two-wheeler OEMs has been completed successfully, and customers have moved to the lifecycle testing stage, which will subsequently be followed by pack-level and vehicle-level testing. The company has also started supplying samples to additional two-wheeler OEMs. On the LFP side, Exide is already manufacturing 102 Ah cells and has supplied samples to telecom operators for validation. It has also started deploying these cells in its own e-rickshaw battery packs, which have been delivered to the market and are receiving encouraging feedback.

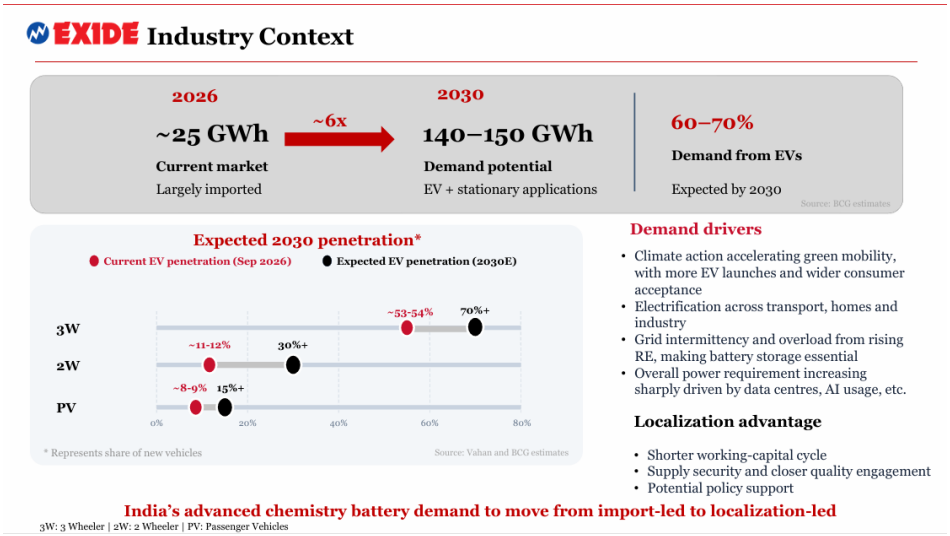
Exhibit 1: Quarterly variance

	Q2FY27	Q2FY26	YoY (Chg %)	Q1FY27	QoQ (Chg %)
Total Operating Income	5,026	4,178	20.3	5,305	-5.3
Raw Material Expenses	3,490	2,932	19.0	3,739	-6.7
Employee Expenses	315	268	17.4	300	4.9
Other expenses	615	583	5.5	611	0.7
EBITDA	606	395	53.6	655	-7.5
EBITDA Margin (%)	12.1	9.4	262 bps	12.4	-29 bps
Other Income	42.4	42.4	0.0	14.0	202.3
Depreciation	118	131	-9.9	118	0.0
Interest	8.7	8.9	-2.1	8.3	5.2
Tax	135.9	76.8	76.8	136.1	-0.1
Reported PAT	386.5	220.7	75.1	407.3	-5.1
EPS (₹)	4.5	2.6	75.1	4.8	-5.1

Source: Company, ICICI Direct Research

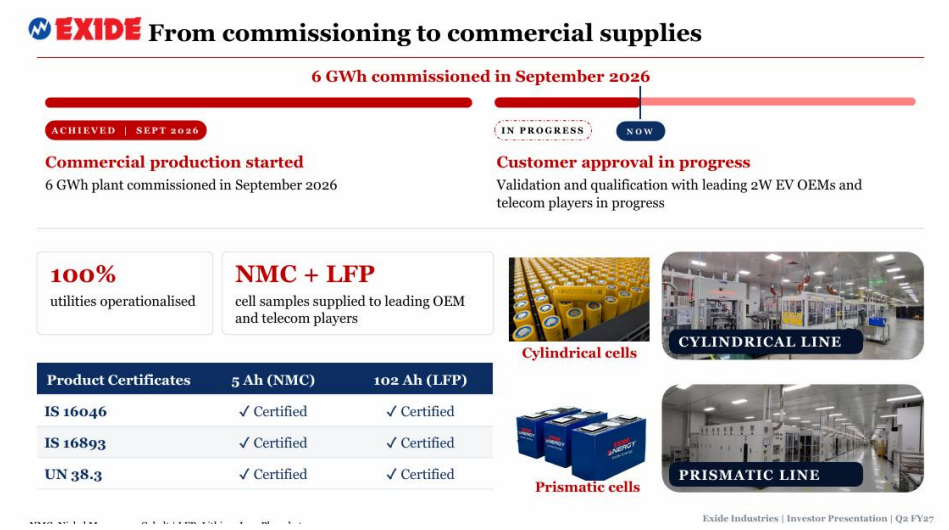
Key Charts & Tables

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 16x PE
P/E Multiple	16		
Value per share (₹, A)		320	
Long Term Investments			
HDFC Life Insurance Stake (₹ crore)	5,829		Using house target price of ₹ 670/share on HDFC Life.
Value per share (₹, B)		70	
Value of other subsidiaries (₹ crore)	789		
Value of other subsidiaries (₹, C)		20	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)		**480**	

Source: ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Total operating Income	17,269	20,167	21,886	23,799
Growth (%)	4.1	16.8	8.5	8.7
Raw Material Expenses	11,991	14,023	15,120	16,442
Employee Expenses	1,081	1,229	1,339	1,456
Other Expenses	2,254	2,455	2,681	2,915
Total Operating Expenditure	15,326	17,708	19,140	20,813
EBITDA	1,943	2,459	2,745	2,985
Growth (%)	2.6	26.5	11.7	8.7
Depreciation	501	504	547	595
Interest	35	33	31	29
Other Income	93	98	103	108
PBT	1,500	2,019	2,270	2,469
Exceptional Item	9	0	0	0
Total Tax	380	512	572	622
Reported PAT	1,111	1,507	1,698	1,847
Growth (%)	3.2	35.6	12.7	8.8
EPS (₹)	13.1	17.7	20.0	21.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Profit after Tax (adjusted)	1,111	1,507	1,698	1,847
Add: Depreciation	501	504	547	595
(Inc)/dec in Current Assets	304	(917)	(535)	(595)
Inc/(dec) in CL and Provisions	226	624	405	451
CF from operating activities	2,143	1,718	2,115	2,298
(Inc)/dec in Investments	(113)	100	(600)	(750)
(Inc)/dec in Fixed Assets	(1,924)	(1,500)	(1,100)	(1,100)
Others	827	(81)	(126)	(127)
CF from investing activities	(1,210)	(1,481)	(1,826)	(1,977)
Issue/(Buy back) of Equity	-	-	-	-
Inc/(dec) in loan funds	-	-	-	-
Dividend paid & dividend tax	(170)	(230)	(255)	(276)
Others	(710)	-	-	-
CF from financing activities	(880)	(230)	(255)	(276)
Net Cash flow	53	8	34	44
Opening Cash	116	169	177	211
Closing Cash	169	177	211	256

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY26	FY27E	FY28E	FY29E
Liabilities				
Equity Capital	85	85	85	85
Reserve and Surplus	14,589	15,866	17,309	18,880
Total Shareholders funds	14,674	15,951	17,394	18,965
Total Debt	-	-	-	-
Deferred Tax Liability	-	-	-	-
Other non-current liabilities	455	490	525	560
Total Liabilities	15,128	16,441	17,919	19,525
Assets				
Gross Block	6,775	7,275	7,875	8,475
Less: Acc Depreciation	4,016	4,520	5,067	5,662
Net Block	2,759	2,755	2,807	2,812
Capital WIP	4,965	5,965	6,465	6,965
Total Fixed Assets	7,723	8,719	9,272	9,777
Investments	5,945	5,950	6,705	7,610
Inventory	3,492	4,144	4,497	4,890
Debtors	1,460	1,658	1,799	1,956
Loans and Advances	55	64	69	75
Cash	169	177	211	256
Total Current Assets	5,527	6,451	7,020	7,660
Creditors	3,128	3,591	3,897	4,238
Provisions	399	458	497	540
Total Current Liabilities	4,128	4,752	5,157	5,608
Net Current Assets	1,398	1,699	1,863	2,052
Other non-current assets	63	73	79	86
Total Assets	15,128	16,441	17,919	19,525

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY26	FY27E	FY28E	FY29E
Per share data (₹)				
EPS	13.1	17.7	20.0	21.7
Cash EPS	19.0	23.7	26.4	28.7
BV	172.6	187.7	204.6	223.1
DPS	2.0	2.7	3.0	3.3
Cash Per Share	2.0	2.1	2.5	3.0
Operating Ratios (%)				
EBITDA Margin	11.3	12.2	12.5	12.5
PBT / Net sales	8.3	9.7	10.0	10.0
PAT Margin	6.5	7.5	7.8	7.8
Inventory days	73.8	75.0	75.0	75.0
Debtor days	30.9	30.0	30.0	30.0
Creditor days	66.1	65.0	65.0	65.0
Return Ratios (%)				
RoE	7.6	9.4	9.8	9.7
RoCE	9.8	12.3	12.6	12.6
RoIC	40.0	50.4	54.5	57.4
Valuation Ratios (x)				
P/E	27.5	20.3	18.0	16.6
EV / EBITDA	15.1	12.0	10.5	9.4
EV / Net Sales	1.7	1.5	1.3	1.2
Market Cap / Sales	1.7	1.5	1.4	1.3
Price to Book Value	2.0	1.9	1.7	1.6
Solvency Ratios				
Debt: Equity	-	-	-	-
Quick Ratio	0.5	0.4	0.4	0.4

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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