

## Exide Industries

### Performance Highlights

Y/E March (₹ cr)	2QFY12	2QFY11	% chg (yoy)	Angel est.	% diff.
<b>Net sales</b>	<b>1,176</b>	<b>1,127</b>	<b>4.3</b>	<b>1,201</b>	<b>(2.0)</b>
EBITDA	90	245	(63.2)	208	(56.6)
EBITDA margin (%)	7.7	21.8	(1,410)bp	17.3	(966)bp
<b>Adj. PAT</b>	<b>51</b>	<b>166</b>	<b>(69.2)</b>	<b>140</b>	<b>(63.4)</b>

Source: Company, Angel Research

Exide Industries (Exide) reported disappointing results for 2QFY2012 due to a decline in volumes in the four-wheeler and industrial battery segments and significant contraction in OPM. Exide's OPM fell on account of higher raw-material costs, led by poor inventory management, weak performance in the auto replacement battery segment and forex loss due to INR depreciation. We have downgraded our revenue and earnings estimates to factor in sluggish demand and weak margins going ahead. Consequently, our EPS estimates have been lowered by 26.8%/10.9% for FY2012E/13E. Management has indicated that the company is witnessing an uptick in sales in the automotive replacement and inverter battery segments and expects further demand revival from 4QFY2012. Post the recent correction in the stock price, we believe the stock is attractively valued. **Hence, we recommend Accumulate on the stock.**

**Below-par performance led by lower volumes and high RM cost:** For 2QFY2012, Exide reported modest revenue growth of 4.3% yoy (down 5.5% qoq) to ₹1,176cr because of a 6% and 5% yoy dip in volumes in the four-wheeler and industrial battery segments, respectively. Four-wheeler battery volumes declined on lower offtake from the OEM and replacement segments, whereas industrial battery volumes declined as demand for batteries in the telecom and inverter verticals continued to witness subdued growth. OPM contracted sharply by 1,410bp yoy (1,018bp qoq) to a dismal 7.7%, impacted by a decline in operating leverage due to reduced utilization levels and higher raw-material costs due to the higher-cost lead inventory. Driven by overall weak operating performance, the company's bottom line declined significantly by 69.2% yoy (68.7% qoq) to ₹51cr.

**Outlook and valuation:** At ₹115, Exide is attractively valued at 13.4x FY2013E EPS, adjusted for its stake in the insurance business. We recommend Accumulate on the stock with an SOTP target price of ₹128. Considering increased competitive intensity in the sector (leading to limited pricing power), we value Exide's core operations in-line with its historical average of 15x its FY2013E EPS at ₹116/share instead of 16x earlier. We value its stake in ING Vysya Life Insurance at ₹12/share on FY2013E NBAP.

### Key financials

Y/E March (₹ cr)	FY2010	FY2011	FY2012E	FY2013E
<b>Net sales</b>	<b>3,794</b>	<b>4,554</b>	<b>4,953</b>	<b>5,688</b>
% chg	11.8	20.0	8.8	14.9
<b>Net profit</b>	<b>537</b>	<b>633</b>	<b>471</b>	<b>655</b>
% chg	89.7	17.8	(25.5)	38.9
EBITDA (%)	23.5	19.4	13.0	15.5
<b>Adj. EPS (₹)</b>	<b>6.3</b>	<b>7.4</b>	<b>5.5</b>	<b>7.7</b>
P/E (x)	18.2	14.7	20.7	14.9
P/BV (x)	4.5	3.6	3.3	2.8
RoE (%)	31.0	25.5	16.3	20.1
RoCE (%)	40.8	30.8	18.6	23.5
EV/Sales (x)	2.2	1.8	1.6	1.4
EV/EBITDA (x)	9.6	9.5	12.5	8.8

Source: Company, Angel Research

## ACCUMULATE

CMP	₹115
Target Price	₹128

Investment Period	12 Months
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### Stock Info

Sector	Auto Ancillary
Market Cap (₹ cr)	9,771
Beta	0.53
52 Week High / Low	176/112
Avg. Daily Volume	314,665
Face Value (₹)	1
BSE Sensex	16,939
Nifty	5,098
Reuters Code	EXID.BO
Bloomberg Code	EXID@IN

### Shareholding Pattern (%)

Promoters	46.0
MF / Banks / Indian Fls	25.7
FII / NRIs / OCBs	17.5
Indian Public / Others	10.8

Abs. (%)	3m	1yr	3yr
Sensex	(9.5)	(16.0)	94.7
Exide Industries	(23.3)	(26.6)	130.6

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**Exhibit 1: Quarterly financial performance**

Y/E March (₹ cr)	2QFY12	2QFY11	yoy chg (%)	1QFY12	qoq chg (%)	1HFY12	1HFY11	% chg
<b>Net Sales</b>	<b>1,176</b>	<b>1,127</b>	<b>4.3</b>	<b>1,244</b>	<b>(5.5)</b>	<b>2,421</b>	<b>2,279</b>	<b>6.2</b>
Consumption of RM	848	643	31.9	790	7.3	1,638	1,319	24.2
(% of Sales)	72.1	57.0		63.5		67.7	57.9	
Staff Costs	64	66	(2.4)	72	(10.5)	136	134	1.9
(% of Sales)	5.5	5.9		5.8		5.6	5.9	
Purchases of TG	2	26	(92.6)	1	227.6	2	36	(93.2)
(% of Sales)	0.2	2.3		0.0		0.1	1.6	
Other Expenses	172	147	16.6	160	7.4	331	282	17.5
(% of Sales)	14.6	13.0		12.8		13.7	12.4	
<b>Total Expenditure</b>	<b>1,086</b>	<b>882</b>	<b>23.1</b>	<b>1,022</b>	<b>6.2</b>	<b>2,108</b>	<b>1,771</b>	<b>19.1</b>
<b>Operating Profit</b>	<b>90</b>	<b>245</b>	<b>(63.2)</b>	<b>222</b>	<b>(59.4)</b>	<b>313</b>	<b>509</b>	<b>(38.6)</b>
OPM (%)	7.7	21.8		17.9		12.9	22.3	
Interest	2	2	(4.7)	1	42.5	3	3	(9.6)
Depreciation	25	20	22.5	24	4.1	48	40	22.3
Other Income	8	19	(58.7)	31	(74.4)	39	25	53.1
<b>PBT (excl. Extr. Items)</b>	<b>72</b>	<b>243</b>	<b>(70.4)</b>	<b>228</b>	<b>(68.5)</b>	<b>300</b>	<b>491</b>	<b>(38.9)</b>
Extr. Income/(Expense)	-	47	-	-	-	-	47	-
<b>PBT (incl. Extr. Items)</b>	<b>72</b>	<b>196</b>	<b>(63.3)</b>	<b>228</b>	<b>(68.5)</b>	<b>300</b>	<b>444</b>	<b>(32.5)</b>
(% of Sales)	6.1	17.4		18.3		12.4	19.5	
Provision for Taxation	21	77	(73.0)	65	(68.1)	86	160	(46.4)
(% of PBT)	28.9	39.2		28.5		28.6	36.0	
<b>Reported PAT</b>	<b>51</b>	<b>213</b>	<b>(76.0)</b>	<b>163</b>	<b>(68.7)</b>	<b>214</b>	<b>378</b>	<b>(43.3)</b>
PATM	4.3	18.9		13.1		8.9	16.6	
<b>Adj PAT</b>	<b>51</b>	<b>166</b>	<b>(69.2)</b>	<b>163</b>	<b>(68.7)</b>	<b>214</b>	<b>331</b>	<b>(35.3)</b>
Adj. PATM	4.3	14.7		13.1		8.9	14.5	
Equity capital (cr)	85.0	85.0		85.0		85.0	85.0	
<b>EPS (₹)</b>	<b>0.6</b>	<b>2.5</b>	<b>(76.0)</b>	<b>1.9</b>	<b>(68.7)</b>	<b>2.5</b>	<b>4.5</b>	<b>(43.3)</b>

Source: Company, Angel Research

**Revenue growth slows down to 4.3% yoy:** Exide reported modest revenue growth of 4.3% yoy (down 5.5% qoq) to ₹1,176cr on account of a 6% and 5% yoy decline in volumes in the four-wheeler and industrial battery segments, respectively. Four-wheeler battery volumes declined on lower offtake from the OEM and replacement segments, whereas industrial battery volumes were down as demand for batteries in the telecom and inverter verticals continued to witness subdued growth. The two-wheeler battery segment, however, continued to grow at a strong pace and registered volume growth of 30% yoy during the quarter.

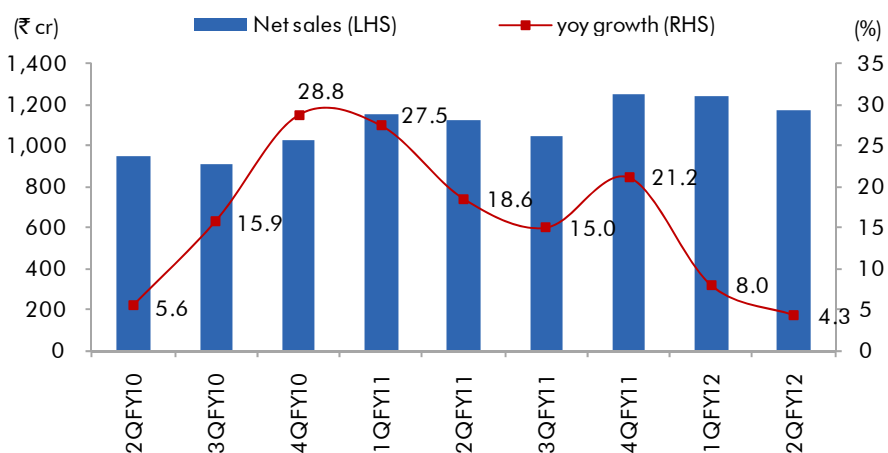
During 2QFY2012, Exide slashed automotive and inverter battery prices by 10-15% in an attempt to arrest its falling market share to competitor Amara Raja Batteries, which negatively affected average realization. Post the price correction, Exide's batteries are trading at a reasonable price premium of 8-10% as compared to Amara Raja's batteries. Management has no plans of taking further pricing action in the replacement segment, unless competition resorts to a similar move.

**Exhibit 2: Automotive battery capacity expansion plans on track**

(mn units)	Apr-11	Jun-11	Dec-11
Four-wheeler batteries	9.7	10.1	12.0
Two-wheeler batteries	16.0	18.6	21.6
<b>Total automotive battery capacity</b>	<b>25.7</b>	<b>28.7</b>	<b>33.6</b>

Source: Company, Angel Research

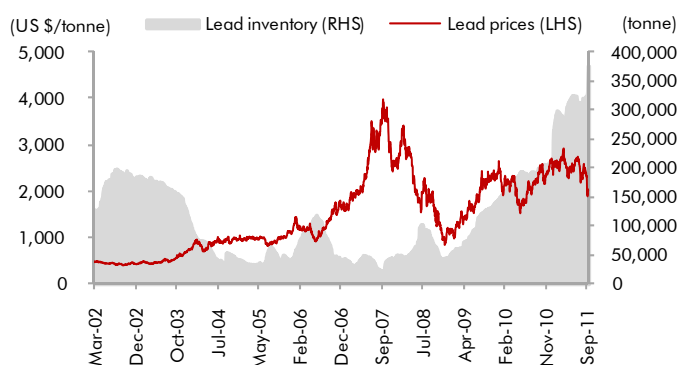
**Exhibit 3: Revenue growth slows down to 4.3% yoy**



Source: Company, Angel Research

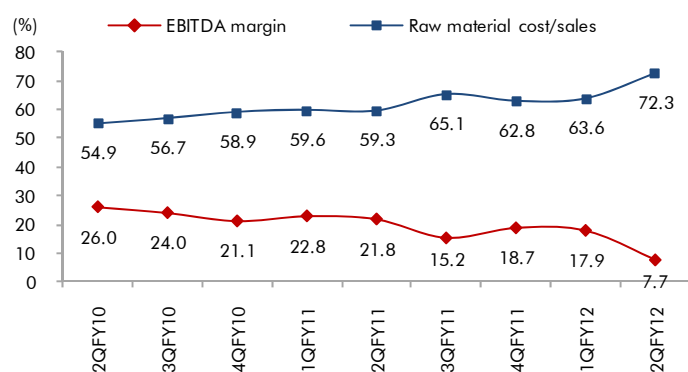
**Operating margin contracts sharply to 7.7%:** During 2QFY2012, Exide posted a significant 1,410bp yoy (1,018bp qoq) decline in its operating margin to 7.7%. This sharp contraction was due to a 1,297bp yoy (870bp qoq) increase in raw-material expenses during the quarter, which accounted for ~72.3% (63.6% in 1QFY2012) of sales. Raw-material cost increased largely due to poor inventory management, leading to consumption of higher-cost inventory during the quarter and forex loss of ₹15cr due to depreciation of INR vs. USD. Further, poor performance in the highly profitable auto replacement segment and the 154bp yoy increase in other expenditure on account of higher promotional expenses negatively impacted the company's operating margin.

**Exhibit 4: Average lead prices up 20.2% yoy**



Source: Company, Bloomberg, Angel Research

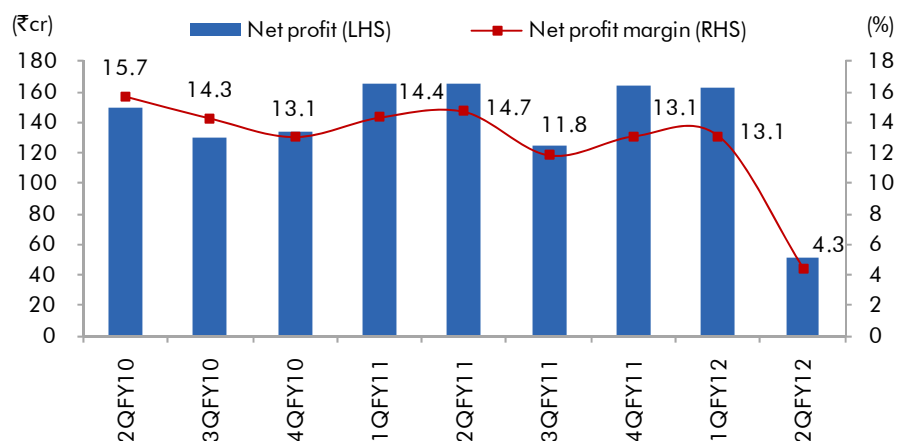
**Exhibit 5: EBITDA margin trend**



Source: Company, Angel Research

**Weak operating performance hits bottom line:** Exide posted a substantial 76% yoy decline (68.7% qoq) in net profit to ₹51cr, significantly lower than our as well as consensus estimates. The sharp decline in profitability can be attributed to disappointing performance at the operating level. Further lower-than-expected other income accentuated the bottom-line decline. As a result, net profit margin nosedived by 1,040bp yoy (880bp qoq) to 4.3%. Other income during the quarter was lower on account of lower dividend from smelter subsidiaries.

**Exhibit 6: Weak operating performance hits the bottom line**



Source: Company, Angel Research

## Investment arguments

- **Demand scenario for auto and industrial batteries to remain positive in the long run:** The auto and industrial battery segments have been witnessing strong growth post the economic downturn, driven by robust demand-pull on account of higher auto and industrial production and increased consumer spending. As a result, we expect the auto and industrial battery segments to continue to grow, generating revenue CAGRs of ~13% and ~10%, respectively, over FY2011-13E. Hence, we forecast Exide to register strong revenue CAGRs of ~14% and ~10% in the auto and industrial battery segments, respectively.
- **Market leader with a wider reach and pricing power:** Exide is a dominant player in the auto battery (OEM and replacement) and industrial battery segments with a market share of 60-65% and 40-45%, respectively. Exide has leveraged upon its brand equity, better quality proposition and wider reach to consolidate its position in the market, which gives the company a superior pricing power compared to peers. Over the years, Exide has been able to improve its realization across the auto and industrial battery segments, which has more than offset the movements in input prices. We expect Exide to continue to leverage upon its market leadership position and pricing power, which would enhance the company's ability to pass on cost increases in the future as well.
- **Captive sourcing reduces impact of lead price volatility:** Exide acquired Tandon Metals (FY2008) and Leadage Alloys (51% in FY2009 and 49% in 2QFY2011) to recycle used lead and lessen the vulnerability of rising lead prices. This reduced the company's dependence on imported lead in FY2011 to 28-30% (~32% in FY2010). Total lead supplied by the captive smelter increased to ~52% in FY2011 from ~50% in FY2010. Exide has benefitted from its captive sourcing strategy, as lead sourcing from captive smelters is 10-15% cheaper compared to market rates.

Going forward, Exide plans to increase sourcing from its smelters to ~70% by FY2013E. Our sensitivity analysis suggests that for every 10% increase in sourcing from captive smelters, the company's EBITDA margin expands by ~50bp (assuming stable lead prices).

- **Capacity expansion to increase volume growth:** Exide has been operating at ~90% utilization levels over the past five years. Hence, the company is in the process of increasing its battery capacity to cater to the growing demand. The company would increase its two-wheeler and four-wheeler battery capacity by ~100% and ~43%, respectively, by the end of FY2012E. As a result of increased capacity, we believe Exide is well placed to meet the rising auto battery demand. We estimate the overall utilization level to remain at 75-80% in FY2013E. Further, we expect Exide to post volume CAGRs of ~12% and ~7% in the auto and industrial battery segments, respectively, over FY2011-13E.

## Outlook and valuation

We maintain our long-term positive outlook on the battery industry. However, we have downgraded our revenue and earnings estimates to factor in lower-than-expected 2QFY2012 results, sluggish demand and weak margins going ahead. As a result, our EPS estimates have been lowered by 26.8%/10.9% for FY2012E/13E. We expect Exide to post a ~12% revenue CAGR over FY2011-13E, led by the expected recovery in automotive battery demand from 1QFY2013.

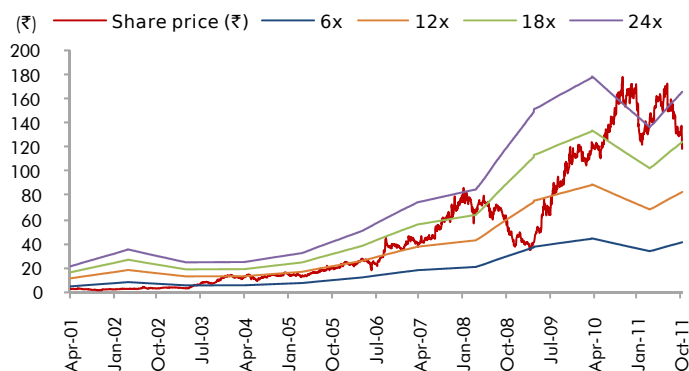
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### Exhibit 7: Change in estimates

Y/E March	Earlier estimates		Revised estimates		% chg	
	FY2012E	FY2013E	FY2012E	FY2013E	FY2012E	FY2013E
Net sales (₹ cr)	5,154	5,937	4,953	5,688	(3.9)	(4.2)
OPM (%)	17.6	17.5	13.0	15.5	(461)bp	(200)bp
EPS (₹)	7.6	8.6	5.5	7.7	(26.8)	(10.9)

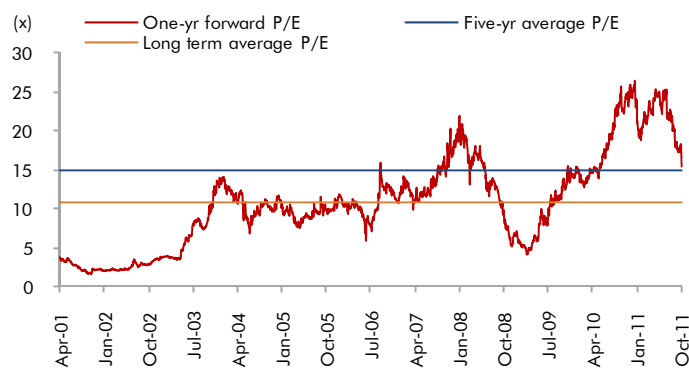
Source: Company, Angel Research

### Exhibit 8: One-year forward P/E band



Source: Company, Bloomberg, Angel Research

### Exhibit 9: One-year forward P/E chart



Source: Company, Bloomberg, Angel Research

**Exhibit 10: Key assumptions**

	FY08	FY09	FY10	FY11	FY12E	FY13E
<b>Volume assumptions</b>						
Four-wheeler battery (mn units)	6.0	6.6	7.5	8.2	8.1	9.0
yoy change (%)		10.0	12.9	10.4	(2.0)	12.0
Two-wheeler battery (mn units)	7.2	8.3	8.7	10.8	13.0	14.7
yoy change (%)		15.3	5.4	23.2	21.0	12.5
<b>Total auto battery (mn units)</b>	<b>13.2</b>	<b>14.9</b>	<b>16.2</b>	<b>19.0</b>	<b>21.1</b>	<b>23.7</b>
yoy change (%)		12.9	8.7	17.3	11.0	12.3
<b>Industrial battery volumes (mnAH)</b>	<b>1,129</b>	<b>1,316</b>	<b>1,565</b>	<b>1,760</b>	<b>1,795</b>	<b>1,975</b>
yoy change (%)		16.6	18.9	12.5	2.0	10.0
<b>Revenue mix (₹ cr)</b>						
<b>Automotive battery revenue</b>	<b>2,561</b>	<b>2,593</b>	<b>2,828</b>	<b>3,501</b>	<b>3,927</b>	<b>4,542</b>
yoy change (%)		1.2	9.1	23.8	12.2	15.7
<b>Industrial battery revenue</b>	<b>1,019</b>	<b>1,572</b>	<b>1,659</b>	<b>1,940</b>	<b>2,038</b>	<b>2,309</b>
yoy change (%)		54.3	5.5	17.0	5.1	13.3
<b>Others</b>	<b>26</b>	<b>68</b>	<b>55</b>	<b>117</b>	<b>75</b>	<b>85</b>

Source: Company, Angel Research

**Exhibit 11: Angel vs. consensus forecast**

	Angel estimates		Consensus		Variation (%)	
	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E
Net sales (₹ cr)	4,953	5,688	5,172	6,073	(4.2)	(6.3)
EPS (₹)	5.5	7.7	7.4	9.3	(25.1)	(17.0)

Source: Bloomberg, Angel Research

**Exhibit 12: Auto Ancillary – Recommendation summary**

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY11-13E EPS
					FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	CAGR (%)
Amara Raja Batteries	Buy	208	242	16.7	10.7	9.4	6.1	5.0	22.9	21.1	12.9
Automotive Axle <sup>^</sup>	Buy	382	450	17.8	9.5	8.5	5.5	4.8	27.6	26.2	24.2
Bharat Forge*	Accumulate	284	301	5.7	16.6	14.2	8.4	6.8	18.3	18.1	26.9
Bosch India <sup>#</sup>	Accumulate	6,970	7,501	7.6	21.2	18.6	12.6	10.7	20.1	19.0	17.1
<b>Exide Industries</b>	<b>Accumulate</b>	<b>115</b>	<b>128</b>	<b>10.9</b>	<b>20.7</b>	<b>14.9</b>	<b>12.5</b>	<b>8.8</b>	<b>16.3</b>	<b>20.1</b>	<b>1.7</b>
FAG Bearings <sup>#</sup>	Accumulate	1,308	1,396	6.8	12.6	11.4	7.0	5.8	26.4	23.1	25.1
Motherson Sumi*	Buy	179	208	15.7	18.9	15.6	8.5	7.3	21.8	23.1	7.9
Subros	Buy	27	33	20.3	5.4	5.0	3.8	3.2	12.4	12.6	6.8

Source: Company, Angel Research; Note: \* Consolidated results; # December year end; ^ September year end

**Profit and loss statement**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Gross sales</b>	<b>3,606</b>	<b>4,233</b>	<b>4,542</b>	<b>5,558</b>	<b>6,040</b>	<b>6,937</b>
Less: Excise Duty	448	464	328	493	535	614
Less: Sales Tax, VAT, Octroi	312	376	419	512	553	635
Net Sales	2,846	3,393	3,794	4,554	4,953	5,688
<b>Total operating income</b>	<b>2,846</b>	<b>3,393</b>	<b>3,794</b>	<b>4,554</b>	<b>4,953</b>	<b>5,688</b>
% chg	52.2	19.2	11.8	20.0	8.8	14.9
<b>Total Expenditure</b>	<b>2,374</b>	<b>2,845</b>	<b>2,902</b>	<b>3,672</b>	<b>4,311</b>	<b>4,804</b>
Net Raw Materials	1,875	2,248	2,158	2,808	3,336	3,700
Other Mfg costs	163	188	231	283	324	368
Personnel	146	165	230	278	311	358
Other	191	243	283	304	340	378
<b>EBITDA</b>	<b>472</b>	<b>548</b>	<b>892</b>	<b>881</b>	<b>642</b>	<b>884</b>
% chg	52.5	16.1	62.8	(1.2)	(27.2)	37.8
(% of Net Sales)	16.6	16.1	23.5	19.4	13.0	15.5
Depreciation & Amortization	64	68	81	83	90	101
<b>EBIT</b>	<b>408</b>	<b>480</b>	<b>811</b>	<b>798</b>	<b>551</b>	<b>783</b>
% chg	59.8	17.8	69.0	(1.7)	(30.9)	42.1
(% of Net Sales)	14.3	14.1	21.4	17.5	11.1	13.8
Interest & other Charges	45	52	14	9	4	4
Other Income	7	7	12	151	113	137
(% of PBT)	2.0	1.6	1.5	16.7	17.1	14.9
<b>Recurring PBT</b>	<b>370</b>	<b>435</b>	<b>810</b>	<b>940</b>	<b>659</b>	<b>916</b>
% chg	55.0	17.6	86.2	16.0	(29.9)	38.9
Extraordinary Items	2	1	(0)	33	-	-
Tax	124	151	273	274	188	261
(% of PBT)	33.6	34.7	33.7	30.2	28.5	28.5
<b>PAT (reported)</b>	<b>246</b>	<b>284</b>	<b>537</b>	<b>666</b>	<b>471</b>	<b>655</b>
<b>Adj. PAT</b>	<b>244</b>	<b>283</b>	<b>537</b>	<b>633</b>	<b>471</b>	<b>655</b>
% chg	56.5	16.0	89.7	17.8	(25.5)	38.9
(% of Net Sales)	8.6	8.3	14.2	13.9	9.5	11.5
<b>Basic EPS (₹)</b>	<b>3.1</b>	<b>3.6</b>	<b>6.3</b>	<b>7.8</b>	<b>5.5</b>	<b>7.7</b>
<b>Adj. EPS (₹)</b>	<b>3.1</b>	<b>3.5</b>	<b>6.3</b>	<b>7.4</b>	<b>5.5</b>	<b>7.7</b>
% chg	46.7	16.0	78.5	17.8	(25.5)	38.9



**Balance sheet**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>SOURCES OF FUNDS</b>						
Equity Share Capital	80	80	85	85	85	85
Reserves & Surplus	946	1,170	2,135	2,657	2,946	3,402
<b>Shareholders' Funds</b>	<b>1,026</b>	<b>1,250</b>	<b>2,220</b>	<b>2,742</b>	<b>3,031</b>	<b>3,487</b>
Total Loans	350	317	90	2	2	2
Deferred Tax Liability	48	41	59	68	68	68
<b>Total Liabilities</b>	<b>1,424</b>	<b>1,609</b>	<b>2,369</b>	<b>2,812</b>	<b>3,101</b>	<b>3,557</b>
<b>APPLICATION OF FUNDS</b>						
Gross Block	1,097	1,257	1,336	1,561	1,774	1,972
Less: Acc. Depreciation	542	589	660	725	816	916
<b>Net Block</b>	<b>555</b>	<b>668</b>	<b>677</b>	<b>836</b>	<b>958</b>	<b>1,055</b>
Capital Work-in-Progress	47	17	38	66	53	59
Investments	518	668	1,335	1,378	1,612	1,956
<b>Current Assets</b>	<b>876</b>	<b>742</b>	<b>912</b>	<b>1,329</b>	<b>1,401</b>	<b>1,587</b>
Cash	2	34	3	15	112	38
Loans & Advances	45	38	48	88	99	114
Other	830	669	861	1,225	1,190	1,435
Current liabilities	572	487	593	796	924	1,101
<b>Net Current Assets</b>	<b>304</b>	<b>255</b>	<b>319</b>	<b>532</b>	<b>477</b>	<b>486</b>
<b>Total Assets</b>	<b>1,424</b>	<b>1,609</b>	<b>2,369</b>	<b>2,812</b>	<b>3,101</b>	<b>3,557</b>

**Cash flow statement**

Y/E March (₹ cr)	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
Profit before tax	368	434	811	907	659	916
Depreciation	64	68	81	83	90	101
Change in Working Capital	124	(55)	62	161	(163)	68
Less: Other income	239	(202)	159	453	(215)	275
Direct taxes paid	124	151	273	274	188	261
<b>Cash Flow from Operations</b>	<b>194</b>	<b>498</b>	<b>521</b>	<b>424</b>	<b>614</b>	<b>548</b>
(Inc.)/Dec. in Fixed Assets	(167)	(130)	(100)	(253)	(200)	(204)
(Inc.)/Dec. in Investments	(140)	(150)	(667)	(43)	(234)	(344)
(Inc.)/Dec. in loans and adv.	(13)	6	3	(26)	(21)	(7)
Other income	14	(41)	(11)	31	-	-
<b>Cash Flow from Investing</b>	<b>(307)</b>	<b>(315)</b>	<b>(775)</b>	<b>(291)</b>	<b>(455)</b>	<b>(555)</b>
Issue of Equity	149	-	530	(0)	-	-
Inc./(Dec.) in loans	25	(33)	(227)	(88)	-	-
Dividend Paid (Incl. Tax)	31	37	56	95	140	149
Others	(91)	(156)	(135)	(128)	(202)	(216)
<b>Cash Flow from Financing</b>	<b>113</b>	<b>(151)</b>	<b>224</b>	<b>(121)</b>	<b>(62)</b>	<b>(67)</b>
Inc./(Dec.) in Cash	-	32	(31)	12	97	(74)
<b>Opening Cash balances</b>	<b>1</b>	<b>2</b>	<b>34</b>	<b>3</b>	<b>15</b>	<b>112</b>
<b>Closing Cash balances</b>	<b>2</b>	<b>34</b>	<b>3</b>	<b>15</b>	<b>112</b>	<b>38</b>

**Key ratios**

Y/E March	FY2008	FY2009	FY2010	FY2011	FY2012E	FY2013E
<b>Valuation ratio (x)</b>						
P/E (on FDEPS)	37.3	32.3	18.2	14.7	20.7	14.9
P/CEPS	29.6	26.1	15.8	13.6	17.4	12.9
P/BV	9.3	7.6	4.5	3.6	3.3	2.8
Dividend yield (%)	0.3	0.5	0.8	1.3	1.3	1.7
EV/Sales	3.4	2.8	2.2	1.8	1.6	1.4
EV/EBITDA	20.3	17.1	9.6	9.5	12.5	8.8
EV / Total Assets	6.7	5.8	3.6	3.0	2.6	2.2
<b>Per share data (₹)</b>						
EPS (Basic)	3.1	3.6	6.3	7.8	5.5	7.7
EPS (fully diluted)	3.1	3.5	6.3	7.4	5.5	7.7
Cash EPS	3.9	4.4	7.3	8.4	6.6	8.9
DPS	0.4	0.6	1.0	1.5	1.5	2.0
Book Value	12.4	15.2	25.8	31.9	35.3	40.7
<b>DuPont analysis</b>						
EBIT margin	14.3	14.1	21.4	17.5	11.1	13.8
Tax retention ratio	0.7	0.7	0.7	0.7	0.7	0.7
Asset turnover (x)	3.8	3.9	4.0	3.8	3.6	3.9
ROIC (Post-tax)	36.4	36.0	57.4	46.6	28.7	38.8
Cost of Debt (Post Tax)	8.8	10.1	4.4	13.2	143.0	143.0
Leverage (x)	-	-	-	-	-	-
Operating ROE	36.4	36.0	57.4	46.6	28.7	38.8
<b>Returns (%)</b>						
ROCE (Pre-tax)	33.1	31.7	40.8	30.8	18.6	23.5
Angel ROIC (Pre-tax)	47.0	54.9	81.1	57.3	40.8	51.0
ROE	28.8	24.9	31.0	25.5	16.3	20.1
<b>Turnover ratios (x)</b>						
Asset Turnover (Gross Block)	2.8	2.9	2.9	3.1	3.0	3.0
Inventory / Sales (days)	62	54	50	59	63	61
Receivables (days)	26	26	23	25	25	25
Payables (days)	51	46	42	46	50	48
WC cycle (ex-cash) (days)	30	28	26	33	33	26
<b>Solvency ratios (x)</b>						
Net debt to equity	(0.2)	(0.3)	(0.6)	(0.5)	(0.6)	(0.6)
Net debt to EBITDA	(0.4)	(0.7)	(1.4)	(1.6)	(2.7)	(2.3)
Interest Coverage (EBIT / Int.)	9.1	9.3	60.1	91.9	128	182

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1. Analyst ownership of the stock	No
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3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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