

<b>Exide Industries Limited</b>	CMP Rs. 122.9	Result Update
	Target Rs. 130.0   HOLD	<b>Q4FY10</b>
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## Strong Performance, Fairly Valued!

### ***New: FY12 earnings estimate***

Exide Industries Ltd. (EIL) has posted substantial growth for the quarter and full year ended March 2010. This was attributed mainly to the on-going demand from auto OEMs and replacement market. However the lower base of Q409, also helped the company in reporting this growth.

Bottom line for the company has zoomed by 97% Y-Y to Rs. 1,346mn. for Q410 as compared to Rs. 682mn. for Q409. For the current quarter EIL's top line has risen by 29% Y-Y to Rs. 10,280mn. (Rs. 7,983mn.) The company's 16% volume expansion in the Automotive segment was the main growth driver; also supported by a decent up move in its Industrial Battery segment.

Correspondingly, for the year ended Mar'10 Exide's bottom line has increased superlatively by 89% Y-Y to Rs. 5,371mn. from Rs. 2,844mn. for the year ended Mar'09. Top line for FY10 reported a rise of 12% Y-Y to Rs. 37,940mn. (Rs. 33,930mn.)

Strong growth in profits was attributed to a 373bps fall in raw material to sales ratio owing to in-house sourcing of recycled lead from its own smelters. This was also aided by a favourable Rupee-Dollar movement during FY10. Exide registered a net exchange gain of Rs. 185mn. (including Rs. 39mn. for the quarter) for FY10 as against a loss of Rs. 406mn. (including Rs. 147mn loss) for FY09.

### **Other Highlights:**

- **Operating Profit** was up by 62% Y-Y to Rs. 2,176mn. for Q410 v/s Rs. 1,341mn. for Q409. For the quarter ended Mar'10 OPM appreciated to 21% as against 17% for the corresponding period of last year
- **Interest cost** for FY10 reduced by 79% Y-Y to Rs. 103mn. v/s Rs. 479mn. for FY09. This was on the back of re-structured loans and repayment of short term loans, thereby raising the company's profitability
- **PAT margins** have increased by 455bps to 13% for Q410 from 8.5% for Q409
- **EPS** reported for FY10 was Rs. 6.3/- as compared to Rs. 3.6/- for FY09
- Further on, Exide is increasing its Automotive battery capacity 7mn. tonnes for two wheelers to a total capacity of 17mn. tonnes, at an investment of Rs. 3.5bn.

### **Valuation:**

At CMP of Rs 122.9/-, the scrip is trading at 18x FY11E and 15x FY12E standalone EPS of Rs. 6.8/- and Rs. 8/- respectively. We maintain our HOLD recommendation on EIL with a SOTP based target price of Rs. 130/- (14.5x FY12E EPS and Rs. 14/- value of Exide's subsidiaries).

## Quarterly Financials

Earnings Statement								
Particulars (Rs. mn.)	Q410	Q310	Q-Q(%)	Q409	Y-Y(%)	FY10	FY09	Y-Y(%)
Gross Sales	12,335.2	10,879.5	13.4%	9,752.8	26.5%	45,417.4	42,333.5	7.3%
Less: ED, VAT, ST & Octroi	2,055.1	1,753.8	17.2%	1,769.4	16.1%	7,477.4	8,403.3	-11.0%
Net Revenues	10,280.1	9,125.7	12.6%	7,983.4	28.8%	37,940.0	33,930.2	11.8%
Other Operating Income	22.7	3.4	567.6%	11.6	95.7%	33.5	44.1	-24.0%
Raw Material Cost	6,160.8	5,175.7	19.0%	5,082.2	21.2%	21,807.3	22,483.6	-3.0%
Gross Profit	4,142.0	3,953.4	4.8%	2,912.8	42.2%	16,166.2	11,490.7	40.7%
Staff Cost	571.1	551.9	3.5%	436.1	31.0%	2,252.1	1,709.0	31.8%
Other Expenditure	1,395.3	1,214.4	14.9%	1,135.9	22.8%	4,986.4	4,290.1	16.2%
Total Expenditure	1,966.4	1,766.3	11.3%	1,572.0	25.1%	7,238.5	5,999.1	20.7%
Operating Profit	2,175.6	2,187.1	-0.5%	1,340.8	62.3%	8,927.7	5,491.6	62.6%
Other Income	57.1	10.2	459.8%	16.3	250.3%	87.6	20.8	321.2%
EBITDA	2,232.7	2,197.3	1.6%	1,357.1	64.5%	9,015.3	5,512.4	63.5%
Depreciation	208.3	188.5	10.5%	178.9	16.4%	806.5	679.4	18.7%
EBIT	2,024.4	2,008.8	0.8%	1,178.2	71.8%	8,208.8	4,833.0	69.8%
Interest	25.9	29.0	-10.7%	113.7	-77.2%	102.9	478.9	-78.5%
PBT	1,998.5	1,979.8	0.9%	1,064.5	87.7%	8,105.9	4,354.1	86.2%
Tax	652.5	675.0	-3.3%	382.5	70.6%	2,735.0	1,510.0	81.1%
PAT	1,346.0	1,304.8	3.2%	682.0	97.4%	5,370.9	2,844.1	88.8%
Equity Capital	850.0	800.0	6.3%	800.0	6.3%	850.0	800.0	6.3%
EPS	1.6	1.6	-2.9%	0.9	85.8%	6.3	3.6	77.7%
Ratio Analysis								
Profitability								
Particulars	Q410	Q310	Q-Q(bps)	Q409	Y-Y(bps)	FY10	FY09	Y-Y(bps)
OPM (%)	21.2%	24.0%	(280.3)	16.8%	436.8	23.5%	16.2%	734.6
EBITDA (%)	21.7%	24.1%	(235.9)	17.0%	472.0	23.8%	16.2%	751.6
EBIT (%)	19.7%	22.0%	(232.0)	14.8%	493.4	21.6%	14.2%	739.2
PAT (%)	13.1%	14.3%	(120.5)	8.5%	455.1	14.2%	8.4%	577.4
Operational Parameters								
Particulars	Q410	Q310	Q-Q(bps)	Q409	Y-Y(bps)	FY10	FY09	Y-Y(bps)
Raw Material Cost	59.9%	56.7%	321.4	63.7%	(373.0)	57.5%	66.3%	(878.6)
Staff Cost	5.6%	6.0%	(49.2)	5.5%	9.3	5.9%	5.0%	89.9
Other Expenditure	13.6%	13.3%	26.5	14.2%	(65.5)	13.1%	12.6%	49.9
Effective Tax Rate	32.6%	34.1%	(144.5)	35.9%	(328.3)	33.7%	34.7%	(93.9)



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## Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

## Exide Industries

- NO  
NO  
NO

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