

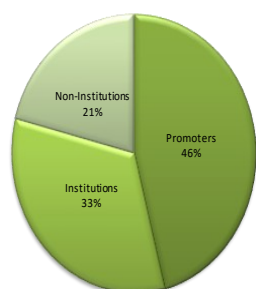
# Exide Industries: Annual General Meeting Notes

## Auto Ancillary

### Market Data as on July 28, 2017

Current market price (INR):	215.00
52 Week High/Low:	250.00/168.45
Market Capitalization (In INR-Cr)	18266.50

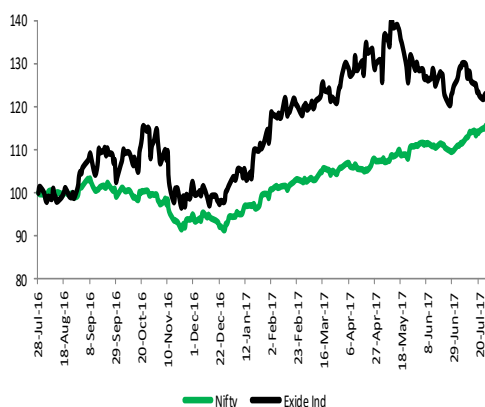
### Shareholding Pattern



### Stock Scan

BSE Code	500086
NSE Code	EXIDEIND
Bloomberg Ticker	EXID:IN
Reuters Tickers	EXID:NS
Face Value (INR)	1.00
Diluted EPS FY17 (INR)	10.75
Current P/E	26.54x
Average P/E	24.60x
Beta vs Sensex	1.38
Debt/Equity	3.66
Average Daily Volumes	2276401

### Stock Return Vs. Nifty Return Chart



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### Exide Industries: Key Takeaways from Annual General Meeting

**On July 27, 2017, the Exide Industries organized Annual General Meeting in Kolkata. The management discussed about the strategy and emphasized on various key aspect on Exide Industries.**

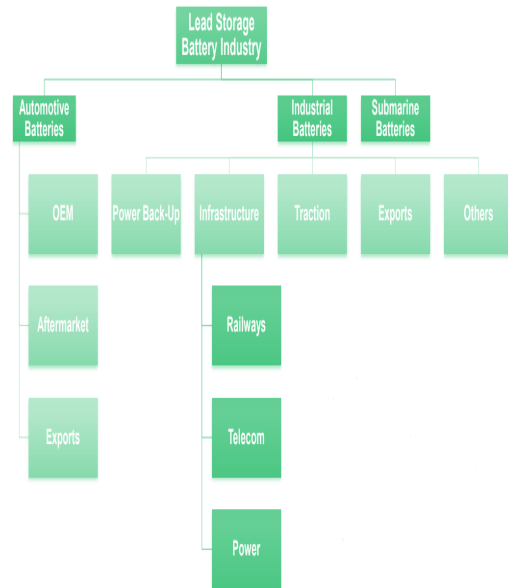
#### A few important takeaways from the meeting on Exide Industries:

- Exide Industries aims to be more consumer oriented company through various means including launching new mobile application.
- The Company has a strong presence in the domestic battery market. It has more than 35000 outlets across the country.
- Annually, Exide Industries is capable of producing 39.9 million units of Automotive and motor cycle battery and 3,336 million Ah of industrial batteries.
- In FY2017, the Company introduced "Punched Grid" technology, which gives it a competitive edge on other peers.
- During FY 2015-16, Exide plans to invest cumulative INR1,400 crore to introduce high performance and more durable automotive batteries in India. Out of which the Company invested INR700 crores in its Haldia Plant in FY2016-17. Which manufactures next-gen automotive batteries using new punched grid technology.
- Sales of automotive batteries registered a double digit growth in volume in the financial year 2016-2017 as compared to the previous year. The aftermarket sales of four wheeler batteries witnessed a substantial growth in units as compared to the previous year.
- Exide Industries became the preferred choice of majority of OEM's in the UPS segment because of superior product performance.
- The Solar division has registered a robust growth and it has now forayed in offering the complete package of Modules, Solar Hybrid Inverters and Solar Batteries for the home usage of the customers.

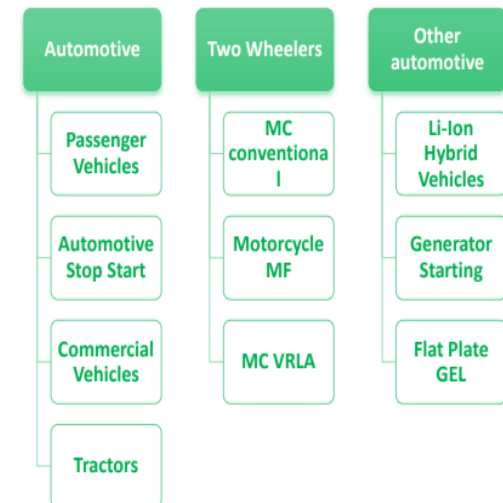
#### Exhibit: Exide Industries.-Financial Performance at a glance (Standalone)

Particulars (INR Cr)	FY 2015A	FY 2016A	FY 2017A	FY 2018E	FY 2019E
Net Sales	6874.21	6809.18	7620.28	8682.46	9773.24
Growth (%)	15.30%	-0.90%	11.90%	13.90%	12.60%
EBITDA	908.41	1024.11	1083.98	1279.81	1474.60
EBITDA Margins (%)	13.21%	15.04%	14.22%	14.74%	15.09%
Net Profit	545.87	622.77	693.64	792.01	913.49
Net Profit Margins (%)	7.94%	9.15%	9.10%	9.12%	9.35%
Net Profit Growth (%)	7.90%	14.09%	11.38%	14.18%	15.34%
EPS	7.23	8.40	8.16	9.33	10.77
BVPS	47.70	52.17	58.40	64.29	71.36
P/E	27.69	19.01	27.49	22.87	19.00
P/BV	3.73	2.67	3.84	3.32	2.90
EV/EBITDA	16.47	10.70	16.32	13.77	11.95
ROE (%)	14.02	14.67	14.76	15.19	15.55

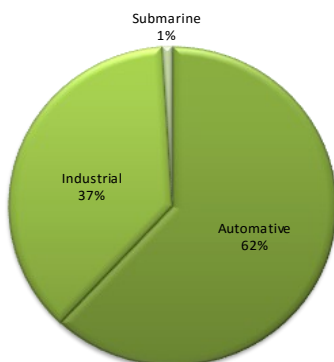
## Industry Structure



## Application Areas



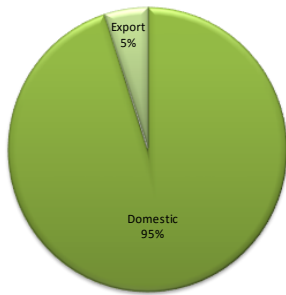
## Segment wise sales



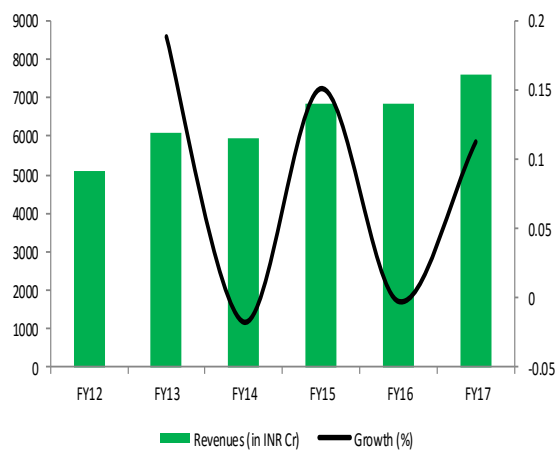
## Exide Industries Key Takeaways from Annual General Meeting (Continued)

- The Indian Battery sector constitutes of 85% of organized players and 15% of unorganized players.
- Within the organized players, Exide Industries holds 65% of the total battery market share in India.
- Exide Industries motor cycle battery segment growth was subdued during the year, however high growth in Infrastructure battery helped the company to sustain its long-term growth agenda.
- In FY2017, Exide Industries achieved the highest ever production and supply of submarine batteries without adding any additional infrastructure, recording an impressive 38% growth over last year.
- During the same period, it received the first order from M/s Mazagon Dock Shipbuilders Limited for indigenous battery for the new French Scorpene class submarine inducted into the Indian navy.
- In addition to the company's regular supplies to Indian Navy, two sets of submarine batteries were exported to Admiralty shipyard, Russia during the financial year 2016-17.
- For automotive batteries, Exide Industries were able to increase its reach by entering four wheeler battery markets in Uzbekistan, Indonesia, all GCC (Gulf Cooperation Council) countries and selective African nations including Mozambique and Angola. As a result of such efforts made in exports, there was a double digit growth in sales as compared to the previous financial year.
- For industrial batteries, the Company increased its reach by entering into new traction markets in Europe comprising of Spain, Italy and Greece while increasing its market share in Germany.
- Exide Industries ongoing technical collaboration and assistance agreements with East Penn Manufacturing Company Inc, USA, (EPM), a leading US manufacturer of lead acid batteries and related items. A major program on up-gradation in manufacturing systems and introduction of advanced products had been taken up in consultation with EPM engineers and are now at different stages of completion.
- The introduction Punched Grid Technology ensures electrodes with superior corrosion resistance which optimizes product consistency and allows for high levels of productivity.
- Company has a technical cooperation agreement with Hitachi Chemicals Co. (for a variety of automotive as well as VRLA industrial range of products).
- Apart from these, Exide Industries has collaboration with Shin-Kobe and Furukawa, Japan.
- The exposure to currency fluctuations and its impact on Company's business is significant since about 30% of Lead and Lead Alloys procurement is based on "import parity price". Hence the company imports few other materials and capital goods.
- The warranty costs are high, as the company gives better after sell service. This would help the company to gain market share in the domestic market.
- Due to GST, the company's battery cost went down by 1.7% and Exide transfer the benefits straight to the customers in terms of price discounts.

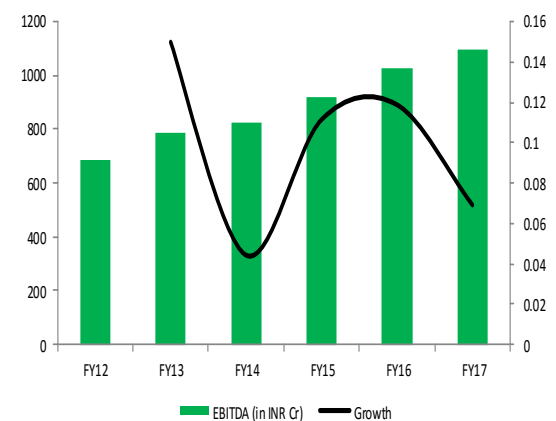
### Revenue Break Up- Geography-wise segment



### Revenue Trend and Growth (YoY)



### EBITDA Trend over the years



Source: Annual Presentation

- Lead and Lead Alloys are the primary materials consumed in the manufacturing of batteries representing more than 70% of total material consumption by value. Exide Industries procures about 30% of its Lead and Lead Alloys requirement through imports or import parity pricing based on prices quoted on London Metal Exchange (LME). The balance 70% is procured locally at prices which are influenced by demand/supply situation as well as LME movement.
- During the year under review, your Company has signed a technology co-operation agreement for the design and manufacture of 'Lithium Ion' products with Chaowei Group, China.
- Exide Industries has four Indian subsidiaries viz, Chloride Metals Limited, Chloride Power Systems & Solutions Limited, Chloride International Limited, Exide Life Insurance Company Limited and three foreign subsidiaries, viz. Chloride Batteries S.E Asia Pte. Ltd., Singapore, Espex Batteries Limited, UK and Associated Battery Manufacturers (Ceylon) Limited, Sri Lanka.
- Exide Life Insurance (ELI) manages assets (AUM) of over INR 11,000 crores as at March 31, 2017. The total premium collected by ELI during the year ended March 31, 2017 was INR2,408 crores as against INR2,016.24 crores collected during the previous year ended March 31, 2016.
- Espex Batteries Limited, UK, 100% subsidiary of your Company is engaged in marketing and selling of lead acid batteries for industrial applications in UK and its neighboring areas. During 2016-2017.
- Exide Industries 61.5% of the share capital in Associated Battery Manufacturers (Ceylon) Limited, Sri Lanka. The said Company is engaged in the business of manufacturing and marketing of lead acid batteries. During the year 2016-2017, the said Company achieved a turnover of SLR 2713.50 million and made a profit before tax of SLR 241.66 million.
- Although the company is one of the strong contender in lead-acid batteries, but now looking into current demand scenario, Exide is also focusing strongly on e-vehicle batteries. E vehicles, including E-motorcycle, E-rickshaws and E-vehicles.
- As per the management of the company there are 1 million e-rickshaws on road, globally. E-rickshaws battery lasts for 9-12 months, which gives a great scope for replacement and recurring business opportunity with the customers.
- Hero Group also approached Exide Industries for their upcoming e-bike batteries. The company is in talks with the Hero Group. Upon completion of deal, the Exide expects to gain orders.
- The Government of India's initiative of bring 2.5 million e-rickshaws and 5000 e-bus by FY2019 is in process and Exide as one of the eminent players in the industry expects a huge turnaround in terms of its topline and bottom line growth.
- Along with e-batteries, the UPS and inverter batteries also gaining traction in the Indian market. Especially in the tier 2/3 cities the company witnessed a huge demand.



**Exide Industries: Q1 FY2018 Result, announced on July 27, 2017**

<b>Exide Industries (All figures are in INR Crores except EPS and Margins data)</b>					
<b>Particulars( In Crore)</b>	<b>Quarterly Data</b>				
	<b>Q1-Jun 17</b>	<b>Q1- Jun 16</b>	<b>YoY %</b>	<b>Q4-Mar 17</b>	<b>QoQ %</b>
<b>Revenue (Net of Excise Duty)</b>	2102.88	2008.13	<b>4.72%</b>	2213.32	<b>-5%</b>
<b>EBITDA</b>	335.92	314.96	<b>7%</b>	261.78	<b>28%</b>
<b>EBITDA Margin</b>	15.97%	15.68%	<b>27bps</b>	11.83%	<b>414 BPS%</b>
<b>PAT</b>	189.00	196.05	<b>-4%</b>	164.78	<b>15%</b>
<b>PAT Margin</b>	8.99%	9.76%	<b>(77) BPS%</b>	7.44%	<b>155 BPS%</b>
<b>EPS</b>	2.22	2.31	<b>-4%</b>	1.94	<b>14%</b>

<b>CMP (as on July 27, 2017)</b>	<b>221.80</b>
<b>EPS</b>	<b>8.88</b>
<b>PE</b>	<b>24.98</b>

**Notes:**

1. Exide Industries announced Q1 FY2018 result. It failed to beat the bloomberg estimates both in terms of topline and bottomline
2. The topline grew by 5% to INR2102.88 crores, YoY. However on QoQ basis it fell by 5%.
3. EBITDA grew by 7%, YoY, to INR335.92 crores. While considering the QoQ numbers, it grew significantly by 28%.
4. Bottomline slipped by 4% to INR189 crores VS Bloomberg estimates of INR197.60 crores
5. the cost of raw material used came higher during the quarter. The cost increased by 26%, YoY.
6. We annulaized the EPS at 8.88, and according to that the current P/E stands at 24.98x.

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Stock Recommendation	Expected absolute returns (%) over 12 months
Strong Buy	>20%
Buy	between 10% and 20%
Hold	between 0% and 10%
Sell	0 to <-10%
Neutral	No Rating

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