

Exide Industries (EXIIND)

₹ 225

Growth trajectory to taper on auto slowdown

- Exide Industries (EIL) reported a muted Q3FY19 performance
- Net sales for the quarter were at ₹ 2,497 crore, up 9.7% YoY
- The management commentary suggests volume growth was seen across verticals i.e. automotive, motorcycle, UPS and solar battery
- EBITDA in Q3FY19 was at ₹ 312 crore, up 10.6% YoY with corresponding EBITDA margins at 12.5%, up 10 bps
- Margin improvement was limited primarily due to higher other expenses. The only silver lining was gross margin expansion of nearly 210 bps on a QoQ basis
- Lead prices in Q3FY19 were at ₹ 143/kg, down 12% YoY & 4% QoQ
- Consequent PAT for the quarter came in at ₹ 155 crore, up 7.8% YoY

Slowdown in auto OEM (2-W + 4-W) to weigh on demand prospects!

EIL is a leading battery player in the domestic market, which is largely a duopoly in nature. The company has a greater share of OEM sales, thereby impacting its performance in Q3FY19 as well, going forward, in Q4FY19 given large base at the OEM level. The domestic auto segment is witnessing demand pressure with 9MFY19, 2-W volume growth at 9.6% vs. ~12% expected at the start of year and 4-W growth at 4.4% vs. ~8-10% growth envisaged earlier. Going forward, management commentary at key OEMs is also cautiously optimistic for FY20E given the headwinds with 4-W industry to grow at ~7-8% and 2-W industry growth pegged at ~8-10%. We believe this will limit the growth prospects. Going forward, we expect volumes to grow at a CAGR of 9% to ~52.4 million units in FY20E vs. ~44 million units in FY18. Consequent sales growth is expected at a CAGR of 10.4% in FY18-20E.

Stable lead price outlook, adverse product mix to limit margin expansion

Lead prices are currently hovering at ~US\$2100/tonne vs. an average of US\$1980 in Q3FY19 amid an elevated US\$: INR rate. Going forward, our estimates point to lead prices at ~US\$2150/tonne in FY20E. This leaves limited scope of gross margin expansion, going forward. We expect RM to sales to stay at present levels of ~65-66%. Moreover, going forward with 2-W industry expected to outperform 4-W segment, we expect ASPs to decline. This will further put pressure on operating leverage benefits thereby limited the scope of margin improvement, going forward. Against the background of 12.9% EBITDA margins to be clocked in FY19E, we expect margins to perk up to 13.7% (up 80 bps YoY) in FY20E.

Technologically advanced player, valuations to trim down, assign HOLD

EIL is India's largest manufacturer of lead acid storage batteries for both automotive (capacity of 42.7 mn units) & industrial (4,500 mn Ah) as of FY18. It possesses two brands in the domestic market; 'SF Sonic' brand & new 'Dynex' brand (positioned as low cost value brand). It is a technologically advanced player vs. its peers and was early in using grid technology for manufacturing batteries and also started working ahead of its peers in the Li-Ion battery space. It already has a couple of meaningful tie-ups in this space. However, the company will bear the brunt of muted auto sales outlook thereby limiting its growth prospects the consequent valuation multiples. Going forward, over FY18-20E, we expect sales & PAT to grow at a CAGR of 10.4% & 11.2%, respectively. We value EIL at ₹ 235 on SOTP basis; ₹ 195 i.e. 20x FY20E EPS of ₹ 9.8/share (base business) + ₹ 36 i.e. 1.2x embedded value of insurance business + ₹ 4 i.e. 3.3x P/BV on smelting business. We assign **HOLD** recommendation.

Rating matrix

Rating	:	Hold
Target	:	₹ 235
Target Period	:	12 months
Potential Upside	:	5%

What's Changed?

Target	Changed from ₹ 285 to ₹ 235
EPS FY19E	Changed from ₹ 10.2 to ₹ 9.2
EPS FY20E	Changed from ₹ 11.5 to ₹ 9.8
Rating	Changed from Buy to Hold

Quarterly Performance

(₹ Crore)	Q3FY19	Q3FY18	YoY	Q2FY19	QoQ
Net Sales	2,496.8	2,276.5	9.7	2,720.4	-8.2
EBITDA	312.5	282.6	10.6	332.7	-6.1
EBITDA (%)	12.5	12.4	10 bps	12.2	29 bps
Reported PAT	155.0	154.3	0.5	268.4	-42.2

Key Financials

₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	7,628	9,210	10,360	11,229
EBITDA	1,082	1,241	1,335	1,536
Net Profit	694	673	784	832
EPS (₹)	8.2	7.9	9.2	9.8

Valuation summary

	FY17	FY18	FY19E	FY20E
Core P/E (x)	27.6	27.3	26.9	23.0
Target P/E (x)	28.8	29.7	25.5	24.0
EV/EBITDA (x)	17.0	15.2	14.1	12.0
P/BV (x)	3.9	3.5	3.3	3.0
RoNW (%)	14.0	13.0	12.2	13.1
RoCE (%)	18.5	19.1	17.6	19.1

Stock data

Particular	Amount
Market Capitalization (₹ Crore)	₹ 19125 Crore
Total Debt (FY18) (₹ Crore)	0.0
Cash and Investments (FY18) (₹ Crore)	289.2
EV (₹ Crore)	18,835.8
52 week H/L (₹)	305/193
Equity capital (₹ crore)	₹ 85 Crore
Face value (₹)	₹ 1

Price performance (%)

	1M	3M	6M	12M
Exide Industries Ltd	-15.1	-10.8	-16.1	3.3
Amara Raja Batteries Ltd	4.2	3.1	-6.5	-4.8

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Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	YoY (Chg %)	Q2FY19	QoQ (Chg %)	Comments
Total Operating Income	2,497	2,775	2,277	9.7	2,720	-8.2	Topline came in lower than our estimates due to miss on ASPs
Raw Material Expenses	1,620	1,846	1,490	8.7	1,821	-11.0	Raw material costs came in lower than our estimates as the company witnessed impressive 210 bps QoQ expansion in gross margins
Employee Expenses	163	161	152	7.1	165	-1.0	
Other expenses	401	402	351	14.0	402	-0.3	Other expenses was higher at 16.1% of sales
EBITDA	312	365	283	10.6	333	-6.1	
EBITDA Margin (%)	12.5	13.2	12.4	10 bps	12.2	29 bps	Margins were lower than our estimates primarily tracking increase in employee as well as other expenses partly compensated by lower raw material costs
Other Income	8.0	13.9	11.1	-27.6	11.6	-31.3	
Depreciation	81.3	79.9	62.5	30.0	76.8	5.9	
Interest	2	1	1	148.4	1	67.4	
Tax	81.8	97.0	75.9	7.8	106.0	-22.8	
Reported PAT	155.0	201.4	154.3	0.5	268.4	-42.2	Lower PAT was largely tracking miss on sales as well as margins
EPS (₹)	1.8	2.4	1.8	0.5	3.2	-42.2	
Key Metrics Assumptions							
ASP/battery (₹)	2,010	2,223	1,953	2.9	2,228	-9.8	ASP/battery came in much below our estimates at ~₹ 2,010/battery
RM/battery (₹)	1,305	1,479	1,279	2.0	1,491	-12.5	Corresponding RM/battery also came in lower at ~ ₹ 1,305/battery

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	10,888	10,360	-4.9	12,337	11,229	-9.0	Change in volume as well as realisation estimates leads to downward revision in sales estimates for FY19E & FY20E
EBITDA	1,424	1,335	-6.3	1,725	1,536	-10.9	
EBITDA Margin (%)	13.1	12.9	-19 bps	14.0	13.7	-30 bps	With single digit volume growth, have pruned operating leverage benefits
PAT	863	784	-9.2	980	832	-15.1	
EPS (₹)	10.2	9.2	-9.2	11.5	9.8	-15.1	Downward revision in sales and margin estimates leads to downward revision in EPS estimates for FY19E & FY20E

Source: Company, ICICI Direct Research

Assumptions

	FY17	FY18E	Current		Earlier		Comments
			FY19E	FY20E	FY19E	FY20E	
Automotive Sales(in mn. units)	31.8	36.4	39.8	43.3	40.3	44.3	Marginally revise downward our sales volume estimates primarily tracking subdued demand prospects for auto OEMs
Industrial Sales(in mn. mAhr)	2,336.6	2,530.4	2,699.7	2,888.7	2,726.0	2,916.9	
RM/Battery	1,202	1,352	1,413	1,406	1,484	1,511	With stable lead prices, revise our RM/ battery estimates over FY19E & FY20E
ASP/Battery	1,946	2,074	2,146	2,143	2,229	2,307	
EBITDA/Battery	276	279	276	293	291	323	With increasing share of 2-W batteries, our EBITDA/battery estimates gets revised downward for FY19E & FY20E

Source: Company, ICICI Direct Research

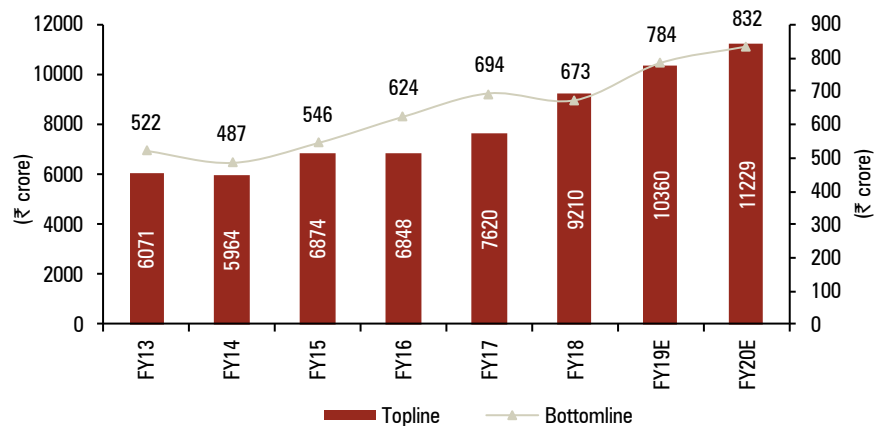
Company Analysis

Slowdown in auto OEM (2-W + 4-W) to weigh on demand prospects!

Exide is a market leader in the attractive ancillary segment due to the largely duopoly business structure. As of FY18, in terms of revenue mix, the domestic segment accounts for ~95% of its overall revenue while exports share is at ~5%. In terms of segment mix, the automotive segment accounted for 74% of its revenue while 25% of revenue is from the industrial segment and the balance 1% is from others segments. The company's financials have reflected the inherent strength of the business. However, in the past, Exide's financial performance has lagged that of competitor Amara Raja Batteries (ARBL). This was mainly after EIL in the past had disrupted their prices to gain additional market share in the OEM space, which impacted its profitability. However, from FY17 onwards, the management is clear on its road ahead and is hiving off the existing less profitable OEM space and has also slowed on adding less profitable OEM within the battery space.

The company has greater share of OEM sales, thereby impacting its performance in Q3FY19 as well, going forward, in Q4FY19 given the large base at the OEM level. The domestic auto segment is witnessing demand pressure with 9MFY19, 2-W volume growth at 9.6% vs ~12% expected at the start of year and 4-W growth at 4.4% vs. ~8-10% growth envisaged earlier. Going forward, the management commentary at key OEMs is also cautiously optimistic for FY20E given the headwinds with 4-W industry to grow at ~7-8% and 2-W industry growth pegged at ~8-10%. We believe this will limit its growth prospects. Going forward, we expect volumes to grow at a CAGR of 9% to ~ 52.4 million units in FY20E vs. ~44 million units in FY18. Consequent sales growth is expected at a CAGR of 10.4% over FY18-20E to ₹ 11,229 crore in FY20E.

Exhibit 1: Topline and bottomline trends



Source: Company press release, ICICI Direct Research

Profitability has also been hit owing to a drop in quality of revenues (as in the past the management focused more on market share than on margins) combined with increasing competitive pressure in a slow demand environment. In FY18, with lead prices rising sharply (up 14% YoY), its performance was impacted, to some extent. However, it is again expected to revive from FY19E onwards. Thus, we expect PAT to grow at 11.2% CAGR in FY18-20E and reach ₹ 832 crore in FY20E.

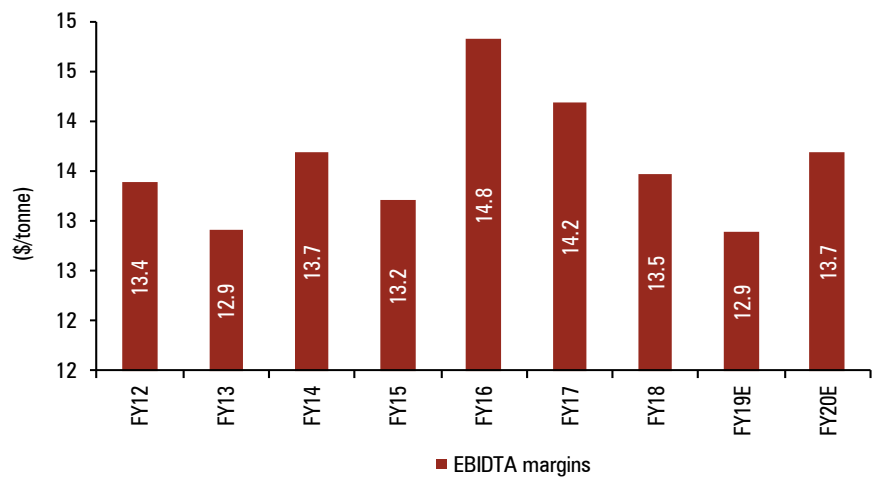
Margin to get stable, limited scope for expansion

Lead prices are currently hovering at ~US\$2100/ tonne vs. an average of US\$1980 in Q3FY19 amid elevated US\$: INR rate. Going forward, our in-house estimates point to lead prices at ~US\$2150/tonne in FY20E. This leaves limited scope for gross margin expansion, going forward. We

expect RM to sales to remain at present levels of ~65-66%. Moreover, going forward, with 2-W industry expected to outperform the 4-W segment, we expect the ASP's to decline which will further put pressure on operating leverage benefits thereby limited the scope of margin improvement at EIL going forward. Against the background of 12.9% EBITDA margins to be clocked in FY19E, we expect margins to perk up to 13.7% (up 80 bps YoY) in FY20E.

In FY16, EIL had planned a cumulative capex of ₹ 1,400 crore to introduce high performance and more durable automotive batteries. The first phase of the same worth ₹ 700 crore was done in FY17 with the commencement of its new Haldia plant. The new plant has new punched grid technology, which will gradually be passed on to its other existing plants. The balance capex of ₹ 700 crore was towards introduction of robotics technology in FY18. Higher focus on technology upgradation will help EIL become cost efficient, pushing margins upwards. Further, the management has shifted its focus to margins compared to gaining market share at the cost of profitability and hived off the existing less profitable OEMs. Thus, we expect EBITDA margins to improve to 13.7% in FY20E.

Exhibit 2: EBITDA margin trend



Source: Company press release, ICICI Direct Research *Estimates

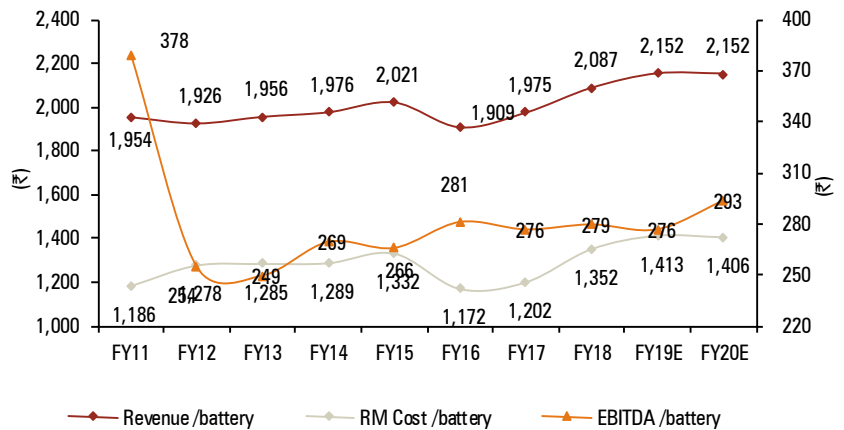
Technology tie-up to help EIL remain up-to-date!

EIL has consistently focused on innovation and new product launches. It has implemented 'Punched Grid Technology' under technical assistance of East Penn Inc (US), which not only improves plant efficiencies but also has a longer battery life. It has developed advanced tubular gel based products to address various solar and telecom application requirement. The company has consistently remained at the forefront of international battery technology with the help of its collaborators – Shin Kobe and Furukawa of Japan, Zhejiang Chaowei Chuangyuan Shiya of China, East Penn of the US and its subsidiary company Ecoult of Australia. It is expanding its product portfolio for emerging requirements like EVs (E-vans & E-buses) and is also developing advanced solutions like idle-stop-start (ISS) & enhanced flooded batteries (EFB) for hybrid cars & other segments. EIL recently entered into a JV with Switzerland based Leclanche to build lithium-ion batteries & energy storage solutions to cater to India's EV market. Also, with its existing capacity utilisation >75%, EIL acquired the plant of Tudor India that will help EIL serve the rising demand. EIL continues to focus on cost control & technology upgradation as a strategy to improve its profitability.

Despite competitive pressure, ASPs likely to stabilise at current levels

With an increase in competitive intensity from FY10-11 onwards, Exide's operational performance has not reflected its dominant market share position. With the performance of both automotive & industrial segment declining, ASPs have been on the downtrend while EBITDA/battery has also dipped from ~₹ 378 in FY11 to lows of ~₹ 249 in FY13. However, from FY14 onwards, EBITDA/battery has been on an up-tick and is likely to continue, going forward. We build in similar ASPs in FY20E as in FY19E as expect 2-W growth to outperform 4-W growth. EBITDA/battery trend is assumed to be better in FY20E primarily tacking operating leverage benefits amid ~9% volume CAGR, going forward.

Exhibit 3: Per battery costs and revenue trends

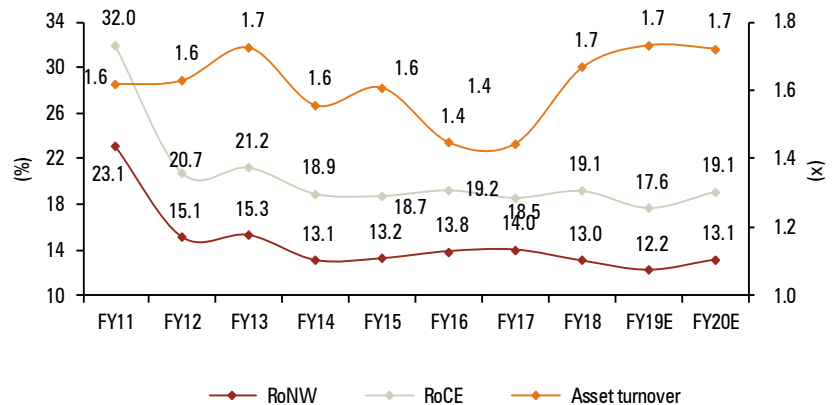


Source: Company press release, ICICI Direct Research

Return ratio moves upward as margins/profitability improves

The battery business was considered to be a strong RoCE generator with high margins and strong pricing power. The drop in capacity utilisation levels is evident in the sharp drop in asset turnover in FY14. Loss of pricing power also translates to halving of the RoNW profile from ~23% in FY11 to ~13.1% in FY14. Going ahead, we believe the performance will improve and expect RoNW, RoCE to trend gradually upwards and reach ~13%, ~19%, respectively, in FY20E.

Exhibit 4: Return ratio profile



Source: Company press release, ICICI Direct Research

Outlook and valuation

EIL is a leading battery player in the domestic market, which is largely duopoly in nature. The company has greater share of OEM sales, thereby impacting its performance in Q3FY19 as well, going forward, in Q4FY19 given the large base at the OEM level. The domestic auto segment is witnessing demand pressure with 9MFY19, 2-W volume growth at 9.6% vs ~12% expected at the start of year and 4-W growth at 4.4% vs. ~8-10% growth envisaged earlier. Going forward, the management commentary at key OEMs is also cautiously optimistic for FY20E given the headwinds with 4-W industry to grow at ~7-8% and 2-W industry growth pegged at ~8-10%. We believe this will limit its growth prospects. Going forward, we expect volumes to grow at a CAGR of 9% to ~ 52.4 million units in FY20E vs. ~44 million units in FY18. Consequent sales growth is expected at a CAGR of 10.4% over FY18-20E.

EIL is India's largest manufacturer of lead acid storage batteries for both automotive (capacity of 42.7 mn units) & industrial (4,500 mn Ah) as of FY18. It has two brands in the domestic market; 'SF Sonic' brand & new 'Dynex' brand (positioned as low cost value brand). It is a technologically advanced player vs. its peers and was one of the early ones to use grid technology to manufacture batteries and also started working ahead of its peers in the Li-Ion battery space. It already has a couple of meaningful tie-ups in this space. However, the company will bear the brunt of muted auto sales outlook thereby limiting its growth prospects the consequent valuation multiples. Going forward, in FY18-20E, we expect sales, PAT to grow at a CAGR of 10.4%, 11.2%, respectively. We value EIL at ₹ 235 on SOTP basis; ₹ 195 i.e. 20x FY20E EPS of ₹ 9.8/share (base business) + ₹ 36 i.e. 1.2x embedded value of insurance business + ₹ 4 i.e. 3.3x P/BV on smelting business. We assign **HOLD** rating.

Exhibit 5: SOTP valuation

SOTP Valuation	Estimated value	Value per share	Remark
Standalone Business			
2-year forward EPS (FY20E)	9.8		
Multiple	20		
Value per share (₹)		195	
Insurance business			
Value of ING Vysya Insurance (₹ crore)	3077		1.2x FY20E Embedded Value
Value per share (₹)		36	
Value of subsidiaries (₹crore)			
Value of smelting subsidiaries (₹)	360	4	3.3x P/B on trailing investments; Comparing to HZL
Total Value per Share (₹)		235	

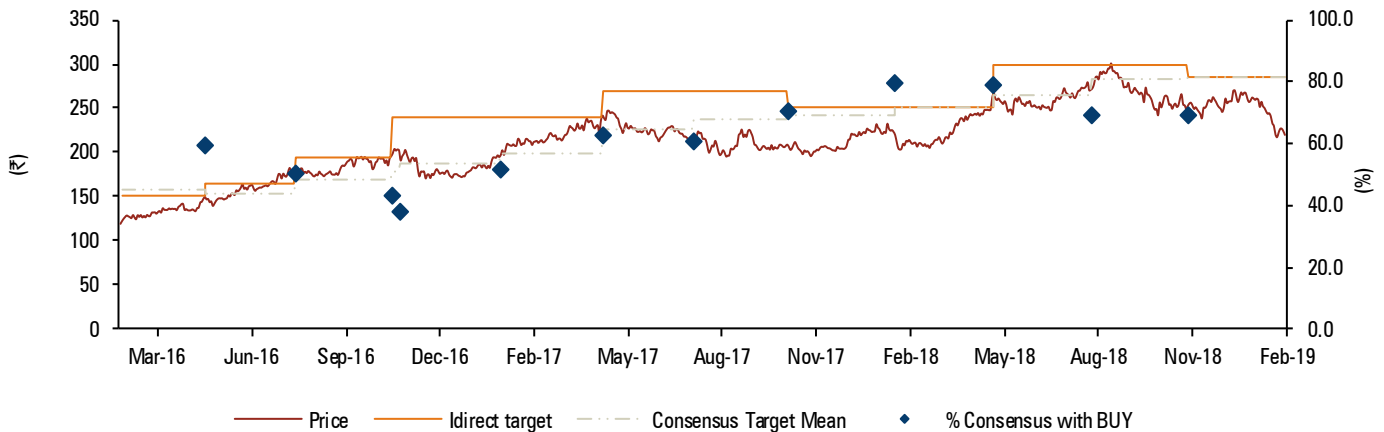
Source: Company, ICICI Direct Research

Exhibit 6: Valuation

	Revenues (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	7628	11.3	8.2	11.1	27.6	17.0	14.0	18.5
FY18	9210	20.7	8.2	1.0	28.4	15.2	13.0	19.1
FY19E	10360	12.5	8.4	1.4	24.4	14.1	12.2	17.6
FY20E	11229	8.4	9.8	17.2	23.0	12.0	13.1	19.1

Source: Company, ICICI Direct Research

Recommended history vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jun-08	Exide buys controlling stake in Bangalore based Smelter Leverage Alloys
Jan-09	Announcement of commercial supplies to Tata Nano
Oct-09	Investors give thumbs up to strong result beat despite increase in lead prices
Nov-09	Equity dilution worries spook investors as board approves QIB of 5 crore shares
Mar-10	Launch of batteries for UPS segment; labour trouble in Haryana plant
Jul-10	Announces ₹ 600 crore capex plan as capacity constraints hit amid strong auto OEM demand; completely acquires Leverage Alloys
Sep-10	Sharp increase in lead prices starts as global commodities rebound sharply; Exide's margins under pressure
Apr-11	Strong results cheered by markets even as lead prices continue to remain strong
Jul-11	Share of OEMs increases; competitive pressure stops Exide from hiking prices despite rising lead prices
Apr-12	Management shifts focus to margins even as competitive pressure from Amara Raja continues to mount
Oct-12	Posts good results but investors prefer Amara Raja for its strong growth performance
Mar-13	Exide Industries buys out IVL, Hemant Kothari Group, Enam stake in ING Vysya Life Insurance Company for ₹ 550 crore
Oct-13	Continues to post disappointing Q2 results; lack of clarity on insurance partner
May-15	Exide plans capex of ₹700 crore for FY16E towards capacity addition and for technology upgradation
Oct-15	Board recommends interim dividend of ₹1.6 per share

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Chloride Eastern, Ltd.	31-Dec-18	46.0	391.0	0.00
2	Hathway Investments, Ltd.	31-Dec-18	4.3	36.8	0.00
3	HDFC Asset Management Co., Ltd.	31-Dec-18	3.5	30.0	0.75
4	ICICI Prudential Asset Management Co. Ltd.	31-Dec-18	3.4	28.6	0.21
5	Life Insurance Corporation of India	31-Dec-18	1.8	15.5	0.00
6	Baron Capital Management, Inc.	31-Dec-18	1.7	14.5	0.13
7	The New India Assurance Co. Ltd.	31-Dec-18	1.5	12.7	-1.28
8	SBI Funds Management Pvt. Ltd.	31-Dec-18	1.5	12.7	0.02
9	DSP Investment Managers Pvt. Ltd.	31-Dec-18	1.5	12.7	-0.09
10	UTI Asset Management Co. Ltd.	31-Dec-18	1.4	12.0	0.00

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	46.0	46.0	46.0	46.0	46.0
FII	14.2	14.2	11.7	14.2	12.0
DII	27.1	27.8	30.9	27.1	22.2
Others	12.7	12.0	11.5	12.7	19.9

Recent Activity

Buys			Sells		
Investor name	Value (\$mn)	Shares (mn)	Investor name	Value (\$mn)	Shares (mn)
Invesco Asset Management (India) Private Limited	3.88	1.01	The New India Assurance Co. Ltd.	-4.92	-1.28
HDFC Asset Management Co., Ltd.	2.90	0.75	Jupiter Asset Management Ltd.	-3.89	-1.08
ICICI Prudential Life Insurance Company Ltd.	2.43	0.63	Franklin Templeton Asset Management (India) Pvt. Ltd.	-3.20	-0.83
Sundaram Asset Management Company Limited	2.34	0.61	Dimensional Fund Advisors, L.P.	-2.53	-0.66
Daiwa Asset Management (Singapore) Ltd.	2.08	0.55	Mirae Asset Global Investments Co., Ltd.	-1.84	-0.49

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Total operating Income	7628.4	9210.2	10359.7	11229.2	
Growth (%)	11.3	20.7	12.5	8.4	
Raw Material Expenses	4707.7	6005.1	6820.9	7365.9	
Employee Expenses	519.6	597.2	655.9	709.8	
Other Expenses	1318.6	1367.1	1548.0	1617.0	
Total Operating Expenditure	6545.9	7969.4	9024.8	9692.7	
EBITDA	1082.5	1240.8	1334.8	1536.5	
Growth (%)	6.5	14.6	7.6	15.1	
Depreciation	206.3	241.3	310.8	336.9	
Interest	4.3	5.2	5.3	2.0	
Other Income	103.9	58.4	31.0	44.9	
PBT	975.7	1052.6	1049.7	1242.5	
Exceptional Item	0.0	41.8	-108.3	0.0	
Total Tax	282.1	337.8	374.2	410.0	
Reported PAT	693.6	673.0	783.8	832.5	
Growth (%)	11.1	-3.0	16.5	6.2	
EPS (₹)	8.2	7.9	9.2	9.8	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Profit after Tax	693.6	700.8	710.5	832.5	
Add: Depreciation	206.3	241.3	310.8	336.9	
(Inc)/dec in Current Assets	-408.5	-781.4	-261.0	-276.4	
Inc/(dec) in CL and Provisions	81.2	375.4	200.5	169.0	
CF from operating activities	572.7	536.2	960.8	1062.0	
(Inc)/dec in Investments	22.4	701.6	-50.0	-250.0	
(Inc)/dec in Fixed Assets	-443.9	-743.8	-600.0	-500.0	
Others	-32.5	17.8	-18.8	13.4	
CF from investing activities	-454.0	-24.5	-668.8	-736.6	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0	
Dividend paid & dividend tax	-243.4	-230.3	-273.9	-306.8	
Others	69.6	-214.9	0.0	0.0	
CF from financing activities	-173.8	-445.2	-273.9	-306.8	
Net Cash flow	-55.1	66.5	18.1	18.5	
Opening Cash	73.8	18.8	85.3	103.4	
Closing Cash	18.8	85.3	103.4	121.9	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Liabilities					
Equity Capital	85.0	85.0	85.0	85.0	
Reserve and Surplus	4,878.6	5,304.3	5,740.9	6,266.5	
Total Shareholders funds	4,963.6	5,389.3	5,825.9	6,351.5	
Total Debt	170.2	0.0	0.0	0.0	
Deferred Tax Liability	155.2	140.5	158.0	171.3	
Other non-current liabilities	48.3	53.4	28.3	41.1	
Total Liabilities	5337.3	5583.2	6012.2	6563.9	
Assets					
Gross Block	1,867.9	2,519.6	3,303.1	3,803.1	
Less: Acc Depreciation	343.4	584.7	895.5	1,232.4	
Net Block	1,524.5	1,934.9	2,407.6	2,570.7	
Capital WIP	141.4	233.5	50.0	50.0	
Total Fixed Assets	1,665.9	2,168.4	2,457.6	2,620.7	
Investments	2,695.4	1,992.4	2,042.4	2,292.4	
Inventory	1,527.4	1,760.2	1,930.0	2,092.0	
Debtors	621.7	943.4	993.4	1,076.8	
Loans and Advances	102.4	39.4	44.3	48.0	
Other current assets	0.0	289.8	326.0	353.4	
Cash	18.8	85.3	103.4	121.9	
Total Current Assets	2,270.2	3,118.1	3,397.1	3,692.1	
Creditors	767.9	1,078.7	1,192.1	1,292.1	
Provisions	222.1	232.9	257.3	278.9	
Other current liabilities	448.3	502.1	564.7	612.1	
Total Current Liabilities	1,438.3	1,813.6	2,014.1	2,183.2	
Net Current Assets	832.0	1,304.4	1,383.0	1,508.9	
Other non-current assets	143.4	116.3	130.8	141.8	
Total Assets	5337.3	5583.2	6012.2	6563.9	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY17	FY18	FY19E	FY20E	
Per share data (₹)					
EPS	8.2	7.9	9.2	9.8	
Cash EPS	10.6	10.8	12.9	13.8	
BV	58.4	63.4	68.5	74.7	
DPS	2.5	2.4	2.7	3.0	
Cash Per Share	0.2	1.0	1.2	1.4	
Operating Ratios (%)					
EBITDA Margin	14.2	13.5	12.9	13.7	
PBT / Net sales	11.5	10.9	9.9	10.7	
PAT Margin	9.1	7.6	6.9	7.4	
Inventory days	73.1	69.8	68.0	68.0	
Debtor days	29.7	37.4	35.0	35.0	
Creditor days	36.7	42.7	42.0	42.0	
Return Ratios (%)					
RoE	14.0	13.0	12.2	13.1	
RoCE	18.5	19.1	17.6	19.1	
RoIC	37.1	31.5	27.6	30.1	
Valuation Ratios (x)					
Core P/E	27.6	27.3	26.9	23.0	
EV / EBITDA	17.0	15.2	14.1	12.0	
EV / Net Sales	2.4	2.0	1.8	1.6	
Market Cap / Sales	2.5	2.1	1.8	1.7	
Price to Book Value	3.9	3.5	3.3	3.0	
Solvency Ratios					
Current Ratio	1.6	1.7	1.6	1.6	
Quick Ratio	0.5	0.7	0.7	0.7	

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Amara Raja (AMARAJ)	776	835	Hold	13261	27.6	30.2	39.8	28.1	25.7	19.5	14.8	13.1	10.2	23.3	22.0	24.7	16.0	15.2	17.1
Apollo Tyre (APOTYR)	211	260	Buy	12056	12.7	16.2	21.6	16.7	13.0	9.8	7.5	7.5	6.4	7.8	9.3	11.1	7.4	9.1	10.7
Ashok Leyland (ASHLEY)	83	115	Hold	23335	5.3	7.1	8.9	15.5	11.6	9.3	10.2	8.3	6.2	28.1	32.1	34.6	21.9	25.1	26.2
Bajaj Auto (BAAUTO)	2500	2380	Hold	72343	140.6	149.7	167.2	17.8	16.7	14.9	11.9	11.3	9.3	22.9	21.1	21.7	21.5	20.3	20.2
Balkrishna Ind. (BALIND)	848	1025	Hold	16384	38.2	50.6	59.7	22.2	16.8	14.2	16.5	12.0	10.0	22.4	26.1	26.2	18.1	26.1	26.2
Bharat Forge (BHAFOR)	480	700	Buy	22329	16.2	23.3	28.0	29.6	20.6	17.2	17.6	14.5	12.2	18.2	22.9	25.7	17.3	23.3	23.9
Bosch (MICO)	18526	20500	Hold	58172	449.1	593.7	661.5	41.3	31.2	28.0	27.0	21.9	19.2	14.4	16.4	16.3	21.4	24.4	24.3
Eicher Motors (EICMOT)	20050	25500	Buy	54656	718.9	926.0	1162.1	27.9	21.7	17.3	20.0	17.0	13.2	39.1	35.9	35.0	29.9	27.9	26.9
Escorts (ESCORT)	670	700	Hold	8213	28.1	40.7	44.1	23.8	16.5	15.2	14.2	10.6	9.3	18.8	20.9	20.8	13.5	16.5	15.3
Exide Industries (EXIIND)	225	235	Hold	19125	8.2	8.4	9.8	27.3	26.9	23.0	15.2	14.1	12.0	19.1	17.6	19.1	13.0	12.2	13.1
Hero Moto (HERHON)	2625	3000	Buy	52421	185.1	174.5	199.9	14.2	15.0	13.1	8.7	9.0	7.7	42.4	38.0	39.0	31.4	26.9	27.4
JK Tyre & Ind (JKIND)	96	100	Hold	2175	2.9	12.9	21.9	32.9	7.4	4.4	9.8	6.0	4.6	7.7	12.6	15.4	3.6	15.0	18.6
Mahindra CIE (MAHAUT)	232	280	Buy	8780	9.5	14.5	17.7	24.5	16.0	13.2	13.7	9.9	8.2	9.8	12.9	13.7	11.2	15.0	17.1
Maruti Suzuki (MARUTI)	6520	6000	Hold	196122	255.6	250.3	284.4	25.5	26.0	22.9	13.5	13.8	11.8	21.1	17.8	18.8	18.5	16.3	16.6
Motherson (MOTSUM)	151	165	Hold	47622	5.1	6.2	9.0	29.8	24.2	16.7	10.8	9.0	6.7	16.3	19.6	26.1	17.4	19.4	23.5
Tata Motors (TELCO)	173	200	Hold	51779	26.8	2.3	17.0	6.9	79.0	10.9	2.7	3.2	2.6	9.1	6.1	8.2	10.3	4.3	8.5
Wabco India (WABTVS)	6290	6800	Hold	11951	143.8	172.2	212.3	43.7	36.5	29.6	28.0	24.1	19.1	17.9	17.8	18.2	25.1	25.7	26.0

Source: Company, ICICI Direct Research

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