

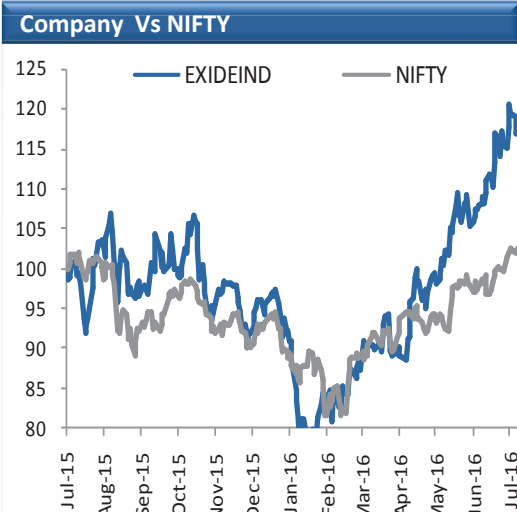
EXIDE INDUSTRIES LTD

Result Update	
CMP	175
Target Price	210
Previous Target Price	
Upside	20%
Change from Previous	-

Market Data	
BSE Code	500086
NSE Symbol	EXIDEIND
52wk Range H/L	184/116
Mkt Capital (Rs Cr)	14,841
Av. Volume	98046
Nifty	8,566

Stock Performance			
	1Month	1Year	YTD
Absolute	9.5	14.0	19.7
Rel.to Nifty	5.1	14.5	12.2

Share Holding Pattern-%			
	4QFY16	3QFY16	4QFY15
Promoter	45.99	45.99	45.99
Public	54.01	54.01	54.01
Others	--	--	--
Total	100.00	100.00	100.00



Exide Industries reported Rs. 2011 cr revenue in 1QFY17, a growth of 11.8% YoY. According to the management, demands for both automotive and industrial segments have shown some improvement during the quarter. Automotive segment's demand came from the new launches by OEMs and industrial segment demand was supported by higher inverter and UPS battery sales. The company is focusing on technology up-gradation through collaboration with East Penn Manufacturing Company Inc, USA. Life Insurance business remain profitable for last consecutive 3 years and it is not diluting any stake at the moment even after the government allowed upto 49 per cent stakeholding by foreign companies in the Indian insurance sector. Going ahead, we assume management's strategy of cost control and technology up-gradation to improve the margin up to 100bps by 2017-18, expectation of better monsoon and 7th pay commission to boost automotive segment demand and improving industrial segment can led to better revenue and margin growth.

Result Update

Revenue grew by 11.8%YoY to Rs. 2011 crore in 1QFY17. The growth in top-line was supported by higher sales of PV, CV and inverter batteries segment.

Gross Margin improved by 350 bps YoY due to lower lead cost.

EBITDA Margin expanded by 90 bps YoY. Other expenses remain higher due to sales and promotion expenses.

PAT Margin improved by 95 bps YoY. Company reported Rs.3.54 crore of other comprehensive income under the new IndAS.

Outlook and Valuation

Going ahead, we assume management's strategy of cost control and technology up-gradation to improve the margin up to 100bps by 2017-18, expectation of better monsoon and 7th pay commission to boost automotive segment demand and improving industrial segment can led to better revenue and margin growth. Management is not diluting any stake at the moment even after the government allowed upto 49 per cent stakeholding by foreign companies in the Indian insurance sector. Considering all the above arguments we recommend "BUY" on this stock with target price of Rs.210 and we value insurance business at Rs.19 per share.

	Rs. In crore				
Financials	1QFY17	4QFY16	1QFY16	QoQ	YoY
Sales	2011	1761	1800	14%	12%
EBITDA	315	267	266	18%	18%
Net Profit	193	178	155	8%	24%
EBIDTA%	15.7%	15.2%	14.8%		
PAT %	9.6%	10.1%	8.6%		

(Source: Company/Eastwind)

Investment Argument

>>Exide has planned to invest Rs.1400 crore over the next two years to introduce more durable automotive batteries in India. Out of total Rs.1400 crores, Rs 700 crore will be invested in its plant at Haldia in West Bengal from where batteries with punch-grid technology will be rolled out in the coming year. The remaining Rs 700 crore of the planned capex will be invested across the rest of the four automotive battery manufacturing plants over 2017-18.

>>In the automotive segment passenger and commercial vehicles have seen robust demand. Commercial vehicles sales have been tapered in May and June due to higher sales in March and April. Upcoming BS-IV norms which will be implemented from 1st April 2017 will boost the commercial vehicles sales in second half of FY17.

>>The introduction of GST will help the company to capture more market share in Tractor and CV space. Unorganised sector's market share is around 40% in Tractor, CV and 3Wheeler space. GST will help the company source raw material (lead) from its own smelters. It should reduce the tax load on batteries manufactured by the organized sector from 28 per cent to 18 per cent and should bring the unorganized sector in the tax net.

>>Better monsoon and seventh pay commission may drive the OEM demand in FY17.

>>According to the management, industrial segment should grow over 15% in next two years.

>>Exide has 10% market share in the telecom segment, and it is very small portion of total revenue. So it can be a good opportunity for Exide to capture more market share.

>>Life Insurance business remain profitable for last consecutive 3 years and it is not diluting any stake at the moment even after the government allowed upto 49 per cent stakeholding by foreign companies in the Indian insurance sector.

Plant Location and Capacity

Plant Location	Capacity			
	Auto mn units	MC mn units	Industrial Mah	HUPS Systems mn units
Shamnagar (1946)	1.6		636	
Chinchwad (1969)	2.9			
Haldia (1981)	2.1		1102	
Hosur (1997)	2.8		1086	
Taloja (1998)	2.8	0.6		
Bawal (2003)		8.4		
Ahmednagar (2010)		8.9		
Roorkee (2011)				0.5
Haridwar (2012)				0.5
Total	12.2	17.9	2824.0	1.0

adding 1 mn capacity in auto space in FY17

Key Risk

>> Increase in Lead prices can affect the margins because of competitive replacement market.

>> Power deficit in the country has reduced from 3.6% to 2.1% in FY16, so improving power condition in the country can hamper fast growing inverter segment growth.

>> Economic slowdown in the country can negatively impact both the industrial and automotive segments.

Financials Snap Shot

INCOME STATEMENT

	FY14	FY15	FY16	FY17E
Revenue (Net of Excise D	8309	9535	9479	9845
Other Income	73	95	135	186
Total Revenue	8382	9630	9615	10031
COGS	4014	4652	4429	4608
GPM	0	0	0	0
Other Expenses	2466	2959	2550	2658
EBITDA	862	937	1055	1099
EBITDA Margin (%)	10%	10%	11%	11%
Depreciation	140	155	180	211
EBIT	721	782	875	888
Interest	8	3	2	3
PBT	787	874	1009	1070
Tax	241	257	292	321
Tax Rate (%)	31%	29%	29%	30%
Reported PAT	545	615	714	749
Dividend Paid	179	219	239	251
No. of Shares	85	85	85	85

Source: Eastwind/Company

RATIOS

	FY14	FY15	FY16	FY17E
EPS	6.4	7.2	8.4	8.8
Book Value	40.7	45.2	50.9	56.8
DPS	2.1	2.6	2.8	2.9
Payout (incl. Div. Tax.)	33%	36%	33%	33%
Valuation(x)				
P/E	18.9	24.6	16.6	19.9
Price / Book Value	3.0	3.9	2.7	3.1
Dividend Yield (%)	1.74%	1.45%	2.02%	1.68%
Profitability Ratios				
RoE	16%	16%	16%	16%
RoCE	21%	20%	20%	18%
Turnover Ratios				
Asset Turnover (x)	1	1	1	1
Debtors (No. of Days)	29	26	28	28
Inventory (No. of Days)	118	129	103	103
Creditors (No. of Days)	48	40	44	44
Net Debt/Equity (x)	0.0	0.0	0.0	0.0

Source: Eastwind/Company

BALANCE SHEET

	FY14	FY15	FY16	FY17E
Share Capital	85	85	85	85
Reserves	3375	3756	4245	4744
Net Worth	3460	3841	4330	4829
Long term Debt	4	3	2	2
Short term Debt	30	51	109	113
Deferred Tax	112	131	131	131
Total Capital Employed	3464	3844	4332	4831
Net Fixed Assets	1167	1314	1602	1654
Capital WIP	63	115	192	192
Debtors	658	690	722	750
Cash & Bank Balances	287	207	294	173
Trade payables	1101	1046	1132	1176
Total Provisions	245	292	327	340
Net Current Assets	1365	1537	1896	1788
Total Assets	12494	13887	15326	16732

Source: Eastwind/Company

CASH FLOW STATEMENT

	FY14	FY15	FY16	FY17E
OP/(Loss) before Tax	787	874	1009	1070
Depreciation	140	155	180	211
Direct Taxes Paid	(235)	(253)	(278)	(321)
Operating profit before w	950	831	1298	1285
CF from Op. Activity	872	180	1616	953
Capital expenditure on fix	(158)	(332)	(423)	(263)
CF from Inv. Activity	(602)	(56)	(1351)	(824)
Repayment of Long Term	(38)	(2)	(1)	0
Interest Paid	(8)	(3)	(1)	(3)
Divd Paid (incl Tax)	(171)	(223)	(238)	(251)
CF from Fin. Activity	(215)	(199)	(182)	(250)
Inc/(Dec) in Cash	55	(74)	83	(121)
Add: Opening Balance	221	287	207	294
Closing Balance	287	207	294	173

Source: Eastwind/Company

ABB India Ltd.

22-Jul-16

Result Update	
CMP	1285
Target Price	1404
Previous Target Price	-
Upside	9%
Change from Previous	-

Market Data	
BSE Code	500002
NSE Symbol	ABB
52wk Range H/L	1,432.70/963.05
Mkt Capital (Rs Cr)	26,924
Av. Volume	13595
Nifty	7713

Stock Performance			
	1Month	3 Month	1Year
Absolute	-3.5	-11.6	-7.7
Rel.to Nifty	-5.2	-4.5	-1.8

Share Holding Pattern-%			
	4QFY16	3QFY16	2QFY16
Promoter	75.0	75.0	75.0
Public	25.0	25.0	25.0
Others	--	--	--
Total	100.0	100.0	100.0

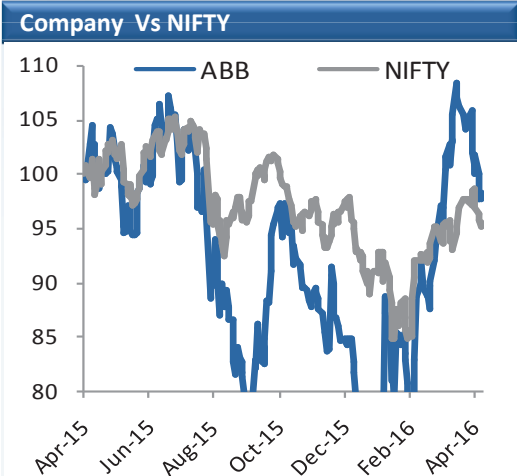


ABB India Ltd: Solid performance in challenging markets

Company has registered a consistent performance of profitable growth and its deeper engagement with the customer coupled with broad ABB technology portfolio is a key enabler in converting market challenges into opportunities. A combination of various initiatives in operational excellence and quality across diverse product lines added to the stronger margin. Enhanced cash performance helped to save on interest costs.

The company received orders worth Rs 2,040 crore in the second quarter of 2016. The momentum was maintained by growth in base orders supported by service. Efficiency and technology driven upgrades by utilities such as the adoption of gas insulated switchgears was a major contributor to the order book. Renewables continue to have a significant share of the order inflow. Recovering demand in the automotive industry drove automation orders but traditional industries remained sluggish. Services bounced back from last quarter, reporting a year on year growth of 32 percent.

2QCY16_Result Highlights:

2QCY16 reported the the highest second quarter revenue in the last five years i.e. Rs 2102Cr as against of Rs 1932Cr in 2QCY15 . Higher revenue and a better cash position was the result of higher volume of technology driven short cycle orders, the relentless pursuit of cash, the continued focus on time delivery of opportunities and streamlined operations. Company reported PAT of Rs 77Cr as against of Rs 57Cr in 2QCY15. EBITDA margin has improves by 33bps.The company received orders worth Rs 2,040 crore in the 2QCY16. The momentum was maintained by growth in base orders supported by service.

Outlook and Valuation

Company is giving positive outlook.India is seen as one of the rising stars of possibilities among all the markets they are exposed to, which is a kind of positive outlook for a country from an outside-in perspective ans as per the management in India market is redefining itself. In export market company is having lot of opportunity in the neighboring countries as well as markets of Africa and Southeast Asia.Company is seeing high quality of orders coming from export market. Going forward we are seeing business volume expected to improve.We expect EBITDA and PAT margin will increase in CY17E.Considering all above reasons we recommended "BUY" for this stock with the target price Rs 1404.

	Rs in Cr				
Financials	CY12	CY13	CY14	CY15	FY16E
Sales	7565	7722	7733	8140	8382
EBITDA	336	470	556	712	764
Net Profit	137	179	229	300	357
EBIDTA%	4.4%	6.1%	7.2%	8.8%	9.1%
P/E	0.0	0.0	0.0	0.0	0.0

(Source: Company/Eastwind)