kotak Securities

Dated: 18 Nov 2025

Exide Industries (EXID) - SELL

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.383	**Rs.315**

Rationale:

- Q2FY26: EBITDA was 27% below our estimates due to channel inventory correction and under-recovery of fixed costs.
- In lead acid business, the company continues to lose share, which remains a concern.
- While the company is well-positioned to benefit from growing demand for LiB, we expect the profitability and return ratios to be under pressure.
- We have fine-tuned our FY27-28E standalone EPS estimates and cut our FY28E EPS estimates by 8%, given weak Q2FY26 performance.
- We expect earnings per share (EPS) to grow by 4.0% in FY26E and 21.7% in FY27E.
- We value its lead acid battery business at Rs188/share based on the NPV of future cash flows and the LiB business at Rs127/share.

Positives:

- The company expects growth in Q3FY26 to rebound much stronger.
- We expect Exide Industries to deliver a steady performance in the medium term, led by growth in the replacement and select industrial segments.
- LME lead prices declined 3.4% qoq in Q2FY26.

Negatives:

- Standalone revenues declined 2% yoy (6.7% below our estimate).
- EBITDA margin came in at 9.4% (-190 bps yoy), 270 bps below our estimates.
- Net profit was at Rs221 cr (-26% yoy) in Q2FY26, 33% below our estimates.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; LiB: Lithium Ion Battery; NPV: Net Present Value; LME: London Metal Exchange)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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