

Week Gone

- ⇒ The Reserve bank of India (RBI) Monetary Policy Committee (MPC) on Friday, 22 March 2020 unanimously decided to slash the Repo Rate by another 40 basis points to 4%.
- ⇒ China published a draft law proposal that could spell the effective end of Hong Kong's special status, risking further civil disorder.
- ⇒ Japan's trade data for April released by the country's Ministry of Finance on Thursday showed exports in April plunging 21.9% as compared to a year earlier.
- ⇒ U.S. retail sales fell 16.4% in April, the Commerce Department reported, as businesses remained all but shut down.

Week ahead

- ⇒ Avenue Supermarts will declare its January-March quarterly result on 23 May 2020.
- ⇒ Overseas, China's industrial profits data for April will be released on 27 May 2020.
- ⇒ Japan's industrial production data for April will be released on 29 May 2020.
- ⇒ Euro Area's Consumer Confidence data for May will be declared on 28 May 2020.

Technical Overview

Index closed with a loss of 1.07% at 9178. Index open this week on a flat note and traded in a range of 400 points throughout the week closing the week with minor loss. Going forward, index has resistance near 9150-9200 while support comes at 8850-8800. Breakout from this range on either side will decide the directional move of 4%-5% going ahead.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	22-May-20	15-May-20	Weekly % Chg
Nifty	9,039	9,137	-1.1
Nifty Next 50	23,032	23,178	-0.6
Nifty 100	9,227	9,321	-1.0
Nifty 500	7,417	7,504	-1.2
Nifty Midcap 100	12,668	12,992	-2.5
Sensex	30,672	31,097	-1.4
BSE 100 Index	9,159	9,264	-1.1
BSE 200 Index	3,823	3,869	-1.2
BSE 500 Index	11,763	11,908	-1.2
BSE Mid-Cap	11,270	11,500	-2.0
BSE Small Cap	10,524	10,689	-1.5

WORLD INDICES

Index	22-May-20	15-May-20	Weekly % Chg
Nikkei Index	20,388	20,037	1.8
Hang Sang Index	22,930	23,797	-3.6
Kospi Index	1,970	1,927	2.2
Shanghai SE Composite	2,814	2,868	-1.9
Strait Times Index	2,590	2,524	2.6
Dow Jones	25,865	23,625	9.5
NASDAQ	9,262	8,944	3.6
FTSE	5,972	5,773	3.5

FOREX

Currency	22-May-20	15-May-20	Weekly % Chg
US\$ (Rs.)	76.0	75.8	0.3
GBP (Rs.)	92.6	92.5	0.1
Euro (Rs.)	82.8	81.9	1.1
Yen (Rs.) 100 Units	70.6	70.9	-0.4

NIFTY TOP GAINERS (WEEKLY)

Scrip	22-May-20	15-May-20	Weekly % Chg
ITC Ltd.	186.4	164.7	13.2
Cipla	639.4	570.3	12.1
M&M	426.4	381.3	11.8
Bharti Airtel	593.2	554.1	7.1
TCS	2,020.4	1,892.9	6.7

FII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
22-May-20	4,404.9	5,758.8	-1,353.9
21-May-20	6,102.7	6,361.4	-258.7
20-May-20	4,522.3	7,138.3	366.2
19-May-20	13,613.7	7,034.7	-1,200.3
18-May-20	4,648.1	2,248.7	-1,199.5
MTD	1,18,487.8	1,10,078.7	8,409.1

NIFTY TOP LOSERS (WEEKLY)

Scrip	22-May-20	15-May-20	Weekly % Chg
IndusInd Bank	338.4	418.7	-19.2
Axis Bank	337.0	388.6	-13.3
ICICI Bank	291.1	322.7	-9.8
SBI	150.9	166.4	-9.3
Bajaj Finance	1,895.3	2,086.5	-9.2

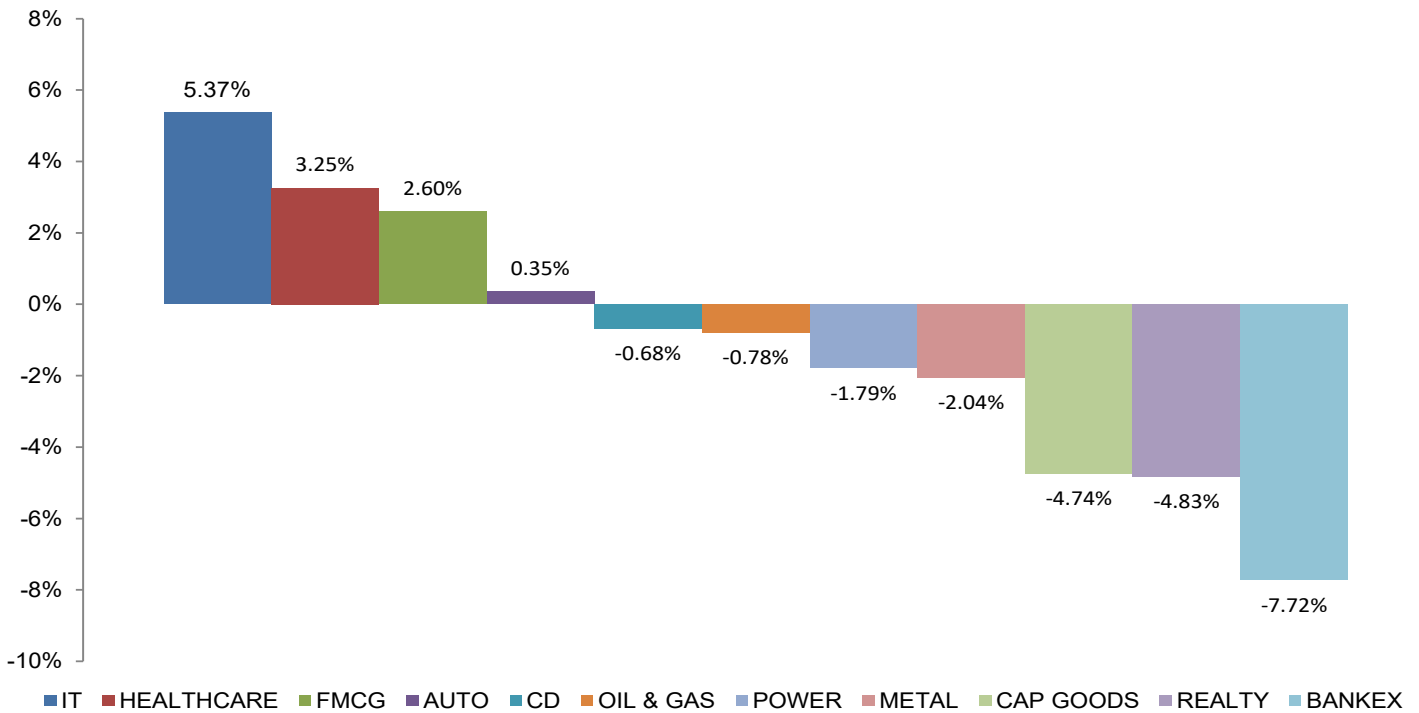
DII - ACTIVITY

(Rs. Cr.)

Date	Purchases	Sales	Net
22-May-20	4,164.0	4,508.2	-344.2
21-May-20	3,602.9	3,201.1	401.8
20-May-20	4,855.1	2,481.9	2,373.2
19-May-20	4,362.1	2,702.4	1,659.7
18-May-20	4,381.6	4,534.1	-152.4
MTD	72,889.3	65,592.9	7,296.4

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	22-May-20 Share Price (Rs.)	15-May-20 Share Price (Rs.)	Weekly % Chg	22-May-20 Open Interest	15-May-20 Open Interest	Weekly % Chg
EQUITAS	40.75	49.65	-17.9	9623600	7379400	30.4
BALKRISIND	989.1	944.3	4.7	897600	726400	23.6
ASHOKLEY	42.95	47.0	-8.6	57656000	48680000	18.4
JUBLFOOD	1613.4	1652.7	-2.4	2331000	2000500	16.5
CHOLAFIN	123.6	149.4	-17.3	7255000	6445000	12.6

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	22-May-20 Share Price (Rs.)	15-May-20 Share Price (Rs.)	Weekly % Chg	22-May-20 Open Interest	15-May-20 Open Interest	Weekly % Chg
ADANIENT	137.55	141.35	-2.7	7492000	17912000	-58.2
GRASIM	530.3	518.15	2.3	9216000	19703250	-53.2
ADANIPOWER	310.4	310	0.1	18635000	35397500	-47.4
ADANIPOWER	32.85	32.3	1.7	38850000	59190000	-34.4
CENTURYTEX	270	275.55	-2.0	1628400	2454600	-33.7

Automobiles

Company Overview

Incorporated in 1947, Exide Industries Ltd is India's largest manufacturer of lead acid storage batteries and power storage solutions provider. With seven international standard manufacturing facilities spread across the nation for producing batteries, the company offers one of the widest ranges of batteries for every conceivable application in automotive as well as industrial segments. To complete the entire value chain, the company has two captive lead smelting units and two UPS manufacturing facilities. It also has manufacturing units in Sri Lanka and does business globally through its subsidiaries and international joint ventures.

Investment Rationale

Dominant player in automotive division

Exide Industries is the market leader in the domestic automobile battery industry both in the OEM as well as the replacement battery space. This division provides Home UPS and batteries for four-wheelers, two wheelers, three-wheelers, e-rickshaws, inverters and gensets under the brands – Exide, SF Sonic and Dynex. To strengthen its brand-building and product quality, company has adopted various measures such as improvement in after sales service, channel financing to support dealers, a technology-enabled faster turnaround in warranty claims and enhanced marketing efforts in brands, such as Dynex, which is primarily targeted at the lower value segment.

Exide - Leclanche SA JV to strengthen partnership for Lithium-ion Batteries

Exide Industries has formed the JV between the company and Leclanché SA to build lithium-ion batteries which will enable to provide energy storage systems for India's electric vehicle market and grid-based applications. The JV was formed between Exide and Leclanch in a 75:25 ratio to sell Lithium ion batteries under Nexcharge brand with a target to cater e-transport vehicles (fleet vehicles, e-buses, and e-rickshaws) As a part of the JV, Leclanché will provide access to its knowhow and intellectual property for lithium-ion cells, modules and battery management systems and Exide Industries will leverage its extensive sales network and brand. Going further, the technological shift for EV will provide surplus headroom for lithium ion batteries with a first mover edge in domestic battery market.

Valuation and Outlook

The domestic lead acid battery is a duopolistic industry with Exide and Amara Raja controlling nearly 90% of the organized market. Further, the emerging opportunities such as increased traction in solar and electric vehicles will augment demand for batteries. Recently, exide has forayed into manufacturing of e-rickshaw which will further act as diversifying revenue driver in future. Operating margins are expected to improve due to lower lead prices and technological shift. However, we believe the nationwide lockdown led by Covid 19 will impact production volumes in near term as 33% (1/3) of its batteries are produced in Haldia city (West Bengal). On valuation front, we valued the company based on 14x of its FY22E earnings and arrived at a price target of INR 187(21% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	154
Target Price (INR)	187
NSE Symbol	EXIDEIND
Bloomberg	EXIDIN
Reuters	EXID.BO

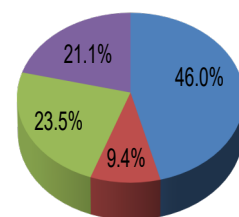
Key Data

Nifty	9,039
52WeekH/L(INR)	222/121
O/s Shares (Mn)	850
Market Cap (INR bn)	131
Face Value (INR)	1

Average volume

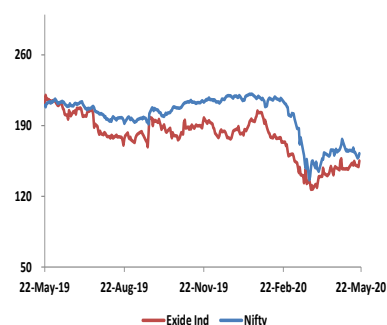
3 months	29,39,000
6 months	26,87,000
1 year	23,53,000

Share Holding Pattern (%)



■ Promoters ■ FII ■ DII ■ Others

Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR mn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	91,863	1,05,883	1,03,130	1,13,649	1,23,082
<i>Revenue Growth (Y-o-Y)</i>	<i>21.1%</i>	<i>15.3%</i>	<i>(2.6%)</i>	<i>10.2%</i>	<i>8.3%</i>
EBIDTA	12,421	14,128	14,644	16,593	18,709
<i>EBIDTA Growth (Y-o-Y)</i>	<i>14.6%</i>	<i>13.7%</i>	<i>3.7%</i>	<i>13.3%</i>	<i>12.8%</i>
Net Profit	6,684	8,441	8,766	10,115	11,324
<i>Net Profit Growth (Y-o-Y)</i>	<i>(3.6%)</i>	<i>26.3%</i>	<i>3.9%</i>	<i>15.4%</i>	<i>12.0%</i>
Diluted EPS	7.9	9.9	10.3	11.9	13.3
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>(3.6%)</i>	<i>26.3%</i>	<i>3.9%</i>	<i>15.4%</i>	<i>12.0%</i>

Key Ratios

EBIDTA margin (%)	13.5%	13.3%	14.2%	14.6%	15.2%
NPM (%)	7.3%	8.0%	8.5%	8.9%	9.2%
RoE (%)	12.4%	14.1%	13.2%	13.5%	13.5%
RoCE (%)	22.8%	23.4%	21.8%	22.1%	22.1%

Valuation Ratios

P/E (x)	19.6x	15.5x	14.9x	12.9x	11.6x
EV/EBITDA (x)	10.5x	9.3x	8.92x	7.85x	6.97x
P/BV (x)	2.4x	2.2x	2.0x	1.8x	1.6x
Market Cap. / Sales (x)	1.4x	1.2x	1.3x	1.2x	1.1x



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