

India

August 29, 2022 - 10:40 PM

**Overweight** (no change)

**Highlighted Companies**

**Exide Industries Ltd**

**ADD, TP Rs214, Rs160 close**

The company has already made significant inroads into battery cell manufacturing tailored to Indian conditions and has won orders from both Indian and global OEMs. We believe the increased availability of funds post sale of the insurance business should aid the company to invest in capex and compete. We retain Add rating as the stock trades below mean levels in both P/E and P/BV valuations.

**Summary Valuation Metrics**

P/E (x)	Mar23-F	Mar24-F
Exide Industries Ltd	13.05	11.67
Bajaj Auto	21.22	18.24
Endurance Technologies Ltd	32.32	25.84

P/BV (x)	Mar23-F	Mar24-F
Exide Industries Ltd	1.74	1.62
Bajaj Auto	4.24	4.14
Endurance Technologies Ltd	4.6	4.01

Dividend Yield	Mar23-F	Mar24-F
Exide Industries Ltd	3.76%	4.38%
Bajaj Auto	3.97%	4.96%
Endurance Technologies Ltd	0.6%	0.66%

# Auto & Parts - Overall

## Godi Energy: Li-ion cell-maker call highlights

- India's indigenous lithium-ion cell maker Godi Energy aims to build 4Gwh capacity by 2024F, NMC (nickel manganese cobalt) and sodium-ion cells.
- It plans to build technical expertise and go for local sourcing of raw materials to cut the cost of production in coming years to US\$95/Kwh from US\$150/Kwh.
- Government incentives and scale of production play a crucial role in reducing lithium-ion cell production cost.

**Key highlights from the meeting**

- We hosted the founder & CEO of Godi Energy, Mr. Mahesh Godi, as a part of our EV (electric vehicle) expert series. He brings with him two decades of experience across companies like Apple, PayPal, and Accenture.
- Godi Energy claims to be India's largest advance battery and supercapacitor cell manufacturer and R&D house for electric vehicles and energy storage systems.
- The company was founded in Jan 2020 and now houses 60+ employees and 30 PhDs. It admits that manpower management has been a challenge, although it gives priority to having the right employees.
- Godi Energy aspires to set up India's first indigenous lithium-ion and sodium-ion giga factory by 2023F. It believes the market opportunity would be >500 GWh by 2027F (valuation of more than ~US\$50bn). It plans to set up multiple giga factories and make investment of ~US\$3bn till 2027F.
- The company stated that cost of equipment for battery cell making usually costs ~US\$15m for 100MWh, ~US\$60-70m for 1GWh, and ~US\$120m for 2.5GWh.
- Recently, it became India's first company to be awarded the BIS certification for its 21,700 cylindrical NMC811 lithium-ion cells.
- The company has received enquiries for placing orders worth US\$200m from OEMs in India, North America, and Europe.
- The company stated that it has already secured the supply chain for commercial manufacturing.
- It also stated that supercapacitor is used for giving that extra burst of energy like the one required during car acceleration or climbing upslope. The other applications of supercapacitor are in power smoothening for solar power, fork lifters, elevators, etc.
- The company aspires to cut cost/kWh from US\$150 to US\$95 through reduction in cost by ~17% in finished material and ~33% in battery & supercapacitor. It targets to reduce battery and supercapacitor cost through aqueous electrode processing, smart cell design, active dry coating, and artificial intelligence or AI-based robotic automation.
- Its aqueous electrode processing method plans to eliminate the dangerous chemical NMP (N-Methylpyrrolidone) with water.
- The company stated that it looks up to Samsung, LG, and Tesla for benchmarks in cell manufacturing.

**Analyst(s)**

**Pramod AMTHE**

T (91) 22 4161 1541

E pramod.amthe@incredcapital.com

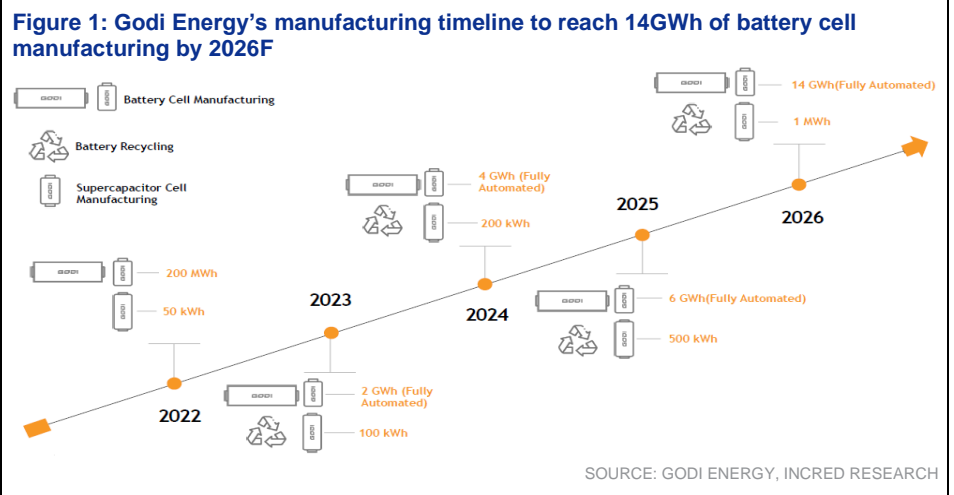


Figure 2: Product portfolio of Godi Energy

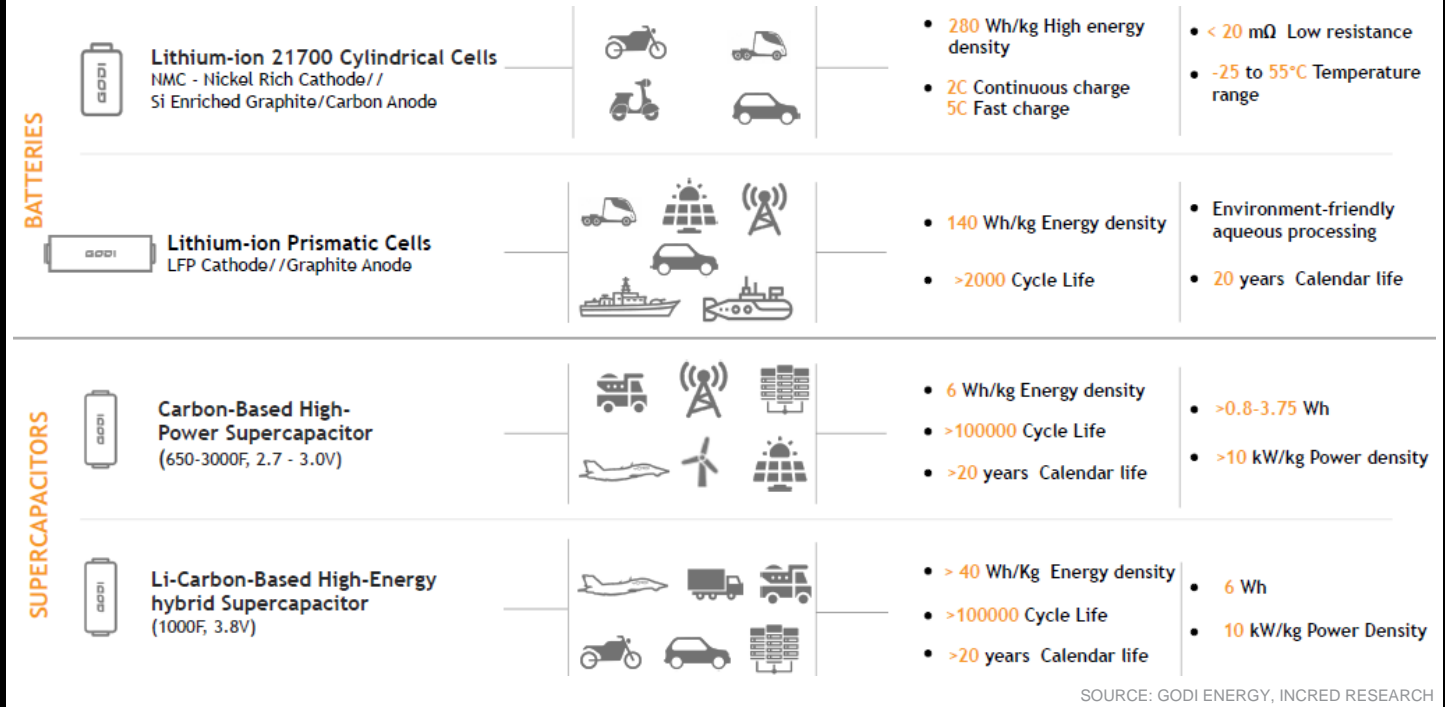
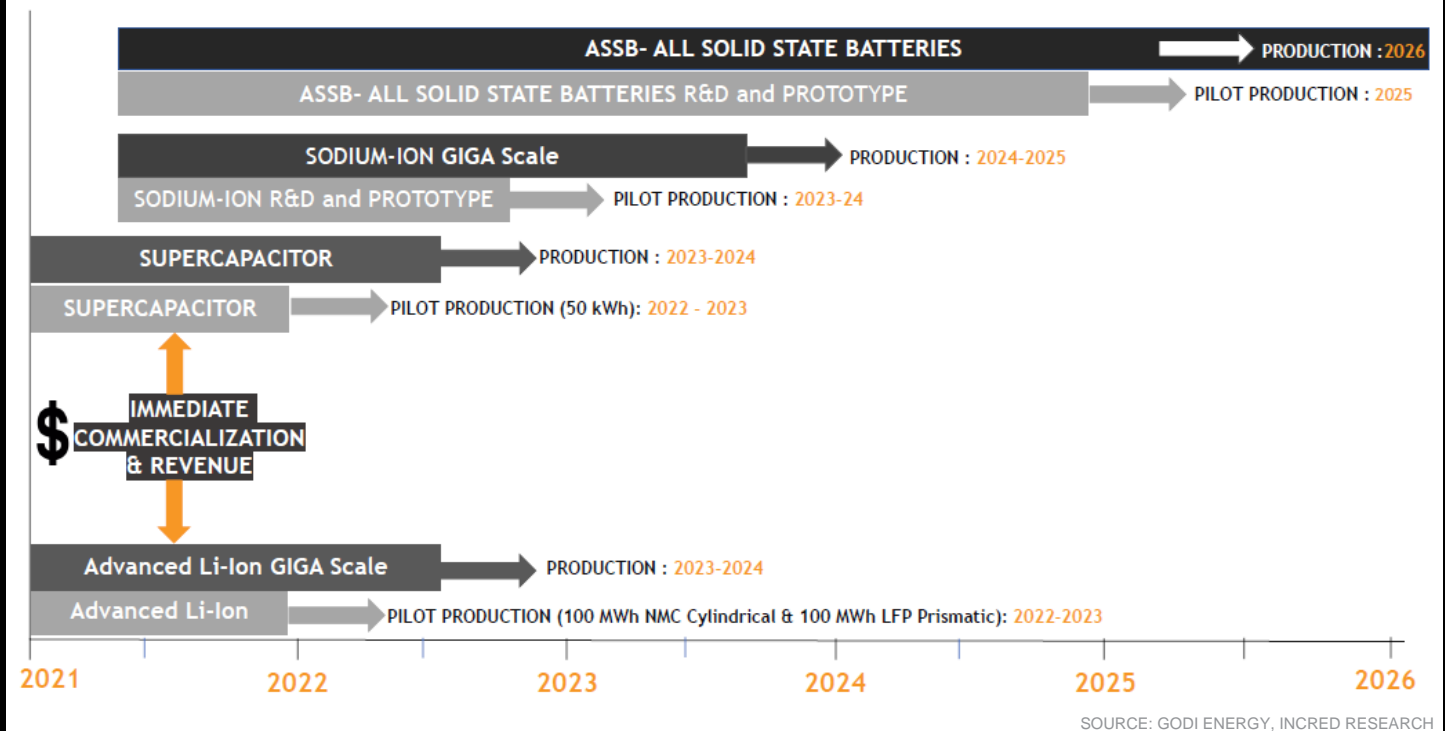


Figure 3: Production and commercialization plan



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