AMARA RAJA

Nuvama Flash

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	994
12 month price target (INR)	1,120
52 Week High/Low	1,444/805
Market cap (INR bn/USD bn)	182/2.1
Free float (%)	67.0
Avg. daily value traded (INR mn)	612.6

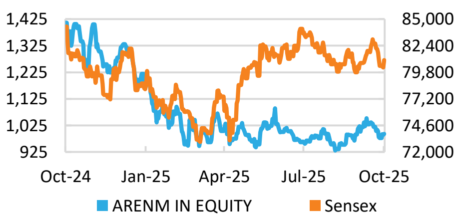
SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	32.86%	32.86%	32.86%
FII	19.39%	20.71%	21.82%
DII	14.00%	14.59%	14.81%
Pledge	0.00%	0.00%	0.00%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	124,049	133,357	142,820	152,710
EBITDA	16,291	16,676	19,430	21,081
Adjusted profit	8,528	8,841	10,586	11,472
Diluted EPS (INR)	46.6	48.3	57.8	62.7
EPS growth (%)	(5.9)	3.7	19.7	8.4
RoAE (%)	12.1	11.5	12.7	12.6
P/E (x)	20.6	19.8	16.6	15.3
EV/EBITDA (x)	10.7	10.7	9.3	8.6
Dividend yield (%)	1.1	1.5	1.8	2.0

PRICE PERFORMANCE



LAB margin to spike; lithium plan deferred

We met Amara CFO Mr Delli Babu and Battery Pack business head Mr Dwaraka B at the analyst meet. Key highlights: i) 4W/2W aftermarket demand to grow 6–7%/10–11% in FY26E. ii) EBITDA margin to improve from 11.5% in Q1FY26 to 13% in Q4FY26E and 14% in FY27E. iii) Lead Acid Business (LAB) to remain resilient for the next one–two decades. iv) Amara's LAB business to outpace industry by 3–5% on market share gains and higher exports. v) Phase 1 of the lithium cell plant with 1GWh capacity for NMC chemistry to start in H2FY27E, deferred from the earlier target of FY26. vi) Lithium asset turnover anticipated to be 1x.

Retain 'BUY' with a TP of INR1,120 based on 15x Sep-27E EPS for LAB, INR169/share for lithium at 1x P/B, and INR42/share for investments.

Analyst meet: Key takeaways

FY26 guidance: Management reiterated their guidance for auto replacement demand, projecting 4W growth of 6–7% and 2W growth of 10–11%.

Margin guidance: EBITDA margin to expand from 11.5% in Q1FY26 to 13% in Q4FY26E and 14% in FY27E led by: i) a lower trading share with the tubular plant coming back on stream; ii) resolution of power cost issues; and iii) commissioning of the new recycling facility. Near-term margins, however, remain pressured by higher antimony prices and a weaker INR.

Market share: In the OEM segment, Amara holds a market share of 27–28% in 2W and ~36% in 4W. In the aftermarket, its share exceeds 35% in both 2W and PV.

Lead Acid Battery (LAB) outlook: The Indian LAB market is projected to expand from USD4.6bn in FY25 to USD5.8bn by FY30, reflecting a modest 5% CAGR. Management expects to outperform the industry by 3–5% driven by market share gains and higher exports. They also reiterated lead-acid batteries face no significant disruption for the next 15–20 years, particularly in the mobility segment.

LAB capacity: Current capacity stands at ~40mn units for 2W and ~20mn units for PV with the scope to ramp it up to ~46mn and ~25mn units, respectively, through de-bottlenecking and process improvements. While no further expansion is planned in 2W, management indicated potential capacity additions in 4W.

Giga cell plant update: Phase 1 operations are scheduled to commence in H2FY27E with an initial 1GWh capacity for NMC (21700 cells), scalable to 2GWh. Management also plans to evaluate expansion into LFP chemistry. Capex is estimated to be ~USD50mn per GWh with asset turnover of 1x based on an assumed cell price of USD50/kWh. At 2GWh capacity, the business is expected to achieve EBITDA breakeven with profitability likely at 4GWh.

Capex: Total capex for FY26 is expected to be ~INR12bn. Of this, ~INR8bn will be allocated to the lithium business and ~INR4bn will be on the lead acid business. Total capex to be incurred on the new energy business by FY27E is planned at INR25bn, of which INR12bn has already been infused.

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