

May 26, 2017

Amara Raja Batteries (AMARAJ)

₹ 863

Operationally weak performance...

- Amara Raja Batteries' (ARBL) revenues came in at ₹ 1,344 crore (up 17.4% YoY) above our expectations of ₹ 1,293 crore. Growth was largely driven by the automotive segment, which accounts for ~60% of overall revenue. The industrial battery (accounts for 40% of revenue) space for ARBL remained subdued as telecom & tower companies are reworking the cost structure, post the entry of Jio, thereby impacting volume offtake for replacement batteries
- EBITDA margins contracted 309 bps YoY & 163 bps QoQ to 13.7% vs. our estimate of 15.4%. This was mainly on account of higher raw material cost (average lead price during Q4FY17 were up 30% YoY & 5.2% QoQ to ₹ 153/kg), impacting gross margins (down 574 bps YoY). Subsequently, reported PAT declined 8.9% YoY to ₹ 99 crore below our estimate of ₹ 110 crore
- According to the management, the increase in lead price has resulted in cost challenges, which are addressed by a mix of pricing (9-10% price hike in the past six months) & effective cost strategies. ARBL continues to expand its capacity (adding 2.25 mn (4-W) & 4 mn (2-W) batteries in FY18E) & gradually expands its market share thereby driving its overall performance

ARBL - Well placed in duopoly battery business

The Indian battery market is estimated to grow at 16.5% CAGR by FY20. The domestic industry is a duopoly in nature with, Exide (EIL) & ARBL controlling ~90% of the organised market. The implementation of GST will improve their cost competitiveness vis-à-vis unorganised players (~40% share) thereby gaining share, going forward. We believe ARBL has been consistent in its performance & been able to gain on all fronts ranging from market share to financials. In the OEM segment, ARBL currently holds market share of 12% & 35% in 2-W & 4-W, respectively. In the replacement segment, it holds 32% & 30% in the 2-W & 4-W, respectively. ARBL not only has a strong foothold in the replacement market (through a pan-India retail network) but is also increasing its OEMs presence. In the industrial battery segment, ARBL has continued to be among the preferred vendor in a wide spectrum of industries like telecom, infra, power, railways and others. However, of late, telecom & tower companies are re-working their cost structure, post the entry of Jio, which has impacted its volume offtake for replacement batteries.

Capacity expansion on track = to cater to rising demand!

ARBL is increasing its 2-W battery capacity in phases, from 11 mn units (FY17) to 25 mn units per annum (pa) by FY20. The first phase comprising three lines would take its 2-W capacity to 15 mn pa by FY18E. In the 4-W space, ARBL added capacity of 2.25 mn pa (in FY16) taking aggregate capacity to 8.25 mn pa by FY17 and is further expected to be 10.5 mn before Q1FY18. The capacity expansion is in place to cater to rising automotive demand and is likely to drive its next phase of growth.

Valuations stretched; maintain HOLD

ARBL's key differentiator is the fact that it has consistently been able to grow its presence in the battery business across markets. However, we believe ARBL is likely to face key challenges on the margin front, considering higher lead prices in the competitive environment & with no major differentiator in the product. Also, with EIL's performance gradually reviving, the premium valuation will now narrow down for ARBL. Hence, we maintain our **HOLD** recommendation on the stock and retain our target of ₹ 930, valuing at 23x FY19E EPS of ₹ 40.4 per share.

Rating matrix		
Rating	:	Hold
Target	:	₹ 930
Target Period	:	12 months
Potential Upside	:	8%

What's Changed?		
Target		Unchanged
EPS FY18E		Changed from ₹ 37.3 to ₹ 33.2
EPS FY19E		Introduced at ₹ 40.4
Rating		Unchanged

Quarterly Performance					
	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Revenue	1,344.5	1,144.9	17.4	1,328.3	1.2
EBITDA	184.5	192.5	-4.1	204.0	-9.5
EBITDA (%)	13.7	16.8	-309 bps	15.4	-163 bps
PAT	99.3	109.1	-8.9	112.3	-11.5

Key Financials				
₹ Crore	FY16	FY17E	FY18E	FY19E
Net Sales	4,691	5,317	6,204	7,153
EBITDA	817	850	990	1,190
Net Profit	488	478	568	690
EPS (₹)	28.6	28.0	33.2	40.4

Valuation summary				
	FY16	FY17E	FY18E	FY19E
P/E (x)	30.2	30.8	26.0	21.4
Target P/E (x)	32.5	33.2	28.0	23.0
EV / EBITDA(x)	18.1	17.3	14.9	12.4
P/BV (x)	7.0	5.7	5.0	4.2
RoNW (%)	23.2	18.5	19.3	19.6
RoCE (%)	32.4	25.8	27.4	28.0

Stock data	
Particular	Amount
Market Capitalization	₹ 14740.9 Crore
Total Debt (FY17)	69.0
Cash and Investments (FY17)	178.5
EV (FY17)	₹ 14631.4 Crore
52 week H/L (₹)	1080 / 805
Equity capital (₹ crore)	17.1
Face value (₹)	₹ 2

Price performance (%)				
	1M	3M	6M	12M
Amara Raja Batteries Ltd	-4.6	-1.2	-9.1	-6.6
Exide Industries Ltd	-5.7	4.5	29.9	46.3

Research Analyst

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Variance analysis- Standalone

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
Total Operating Income	1344	1293	1145	17.4	1328	1.2	The growth was largely driven by the automotive segment, which accounts for ~60% of overall revenue. The industrial battery (accounts 40% of revenue) space for ARBL remained subdued as telecom & tower companies are reworking the cost structure, post the entry of Jio, thereby impacting the volume offtake for replacement batteries
Raw Material Expenses	914.2	841.3	712.8	28.3	865.3	5.7	Higher raw material cost (average lead prices during Q4FY17 were up 30% YoY & 5.2% QoQ to ₹153/kg) impacting gross margins, which declined 574 bps YoY & 286 bps QoQ
Employee Expenses	71	74	62	13.1	72	-2.5	
Other Expenses	175.2	178.3	177.3	-1.2	186.8	-6.2	
EBITDA	185	199	193	-4.1	204	-9.5	
EBITDA Margin (%)	13.7	15.4	16.8	-309 bps	15.4	-163 bps	Higher raw material cost impacted the margins of the company
Other Income	15	12	10	55.0	13	14.0	
Depreciation	49.9	46.8	37.6	32.6	46.9	6.4	
Interest	2	1	1	8.7	1	8.7	
Tax	48.9	54.0	54.2	-9.7	56.6	-13.6	
Reported PAT	99	110	109	-8.9	112	-11.5	Lower-than-expected margins impacted PAT
EPS (₹)	5.8	6.4	6.4	-8.9	6.6	-11.5	
Key Metrics							
Sales (₹ crore)	1,344	1,293	1,145	17.4	1,328	1.2	
RM cost (% to net sales)	68.0	65.1	62.3	574 bps	65.1	286 bps	Gross margin contracted due to higher raw material cost
Other expenses (% to net sales)	13.0	13.8	15.5	-245 bps	14.1	-103 bps	
Employee Expense (% to net sales)	5.2	5.7	5.4	-20 bps	5.4	-20 bps	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			Introduced FY19E		Comments
	Old	New	% Change	New		
Revenue	6,134	6,204	1.1	7,153		
EBITDA	1,073	990	-7.8	1,190		Considering volatile lead price movement we have assumed lower margins estimates for FY18E
EBITDA Margin (%)	17.5	16.0	-154 bps	16.6		
PAT	637	568	-10.9	690		Lower margin estimate to impact PAT
EPS (₹)	37.3	33.2	-10.9	40.4		

Source: Company, ICICIdirect.com Research

Assumptions

Units (mn)	FY16E		Current	New	Earlier	Comments
	FY16E	FY17E	FY18E	FY19E	FY18E	
	15.5	17.0	18.9	21.5	20.2	
Automotive volumes						The automotive volume looks lower in FY18E as the management indicated the replacement market share of 30% & 32% in 4-W & 2-W, respectively, which was lower than our estimate of 39% & 33% for 4-W & 2-W, respectively. Thus, this impacted our revenue estimates. Further, we have introduced FY19E estimates
Industrial volumes	4.4	5.4	6.2	7.1	6.2	With demand from telecom likely to remain subdued we retain our FY18E earning estimate

Source: Company, ICICIdirect.com Research

Key conference call takeaways

- The current revenue mix for ARBL in terms of automotive and industrial segment stands at 60:40, respectively
- The telecom & tower companies are reworking the cost structure, post the entry of Jio, thereby impacting the volume offtake for replacement batteries in the telecom (industrial) segment for ARBL
- ARBL has partly passed on the negative impact of higher raw material cost (lead price) to consumers, with 9-10% price hike being taken in the replacement market over the last six months
- ARBL has consistently increased its market share in the battery segment in India. Within the OEM segment, its current market share stands at 12% & 35% in the 2-W & 4-W respectively. On the other hand, ARBL holds sizeable market share in the replacement segment which stand at 32% & 30% in 2-W & 4-W respectively
- According to the management, with respect to battery classification, the trucking segment currently is 50% organised while passenger car segment is 80% organised in India
- As of FY17, ARBL 4-W capacity is at 8.25 million & is likely to add 2.25 mn by Q1FY18. In the 2-W segment its current capacity is at 11 million and is likely to add 4 million in FY18E. Its current tubular battery capacity is at 0.9 million per annum. In the industrial segment, large VRLA capacity is expanding to ~1300 million AmpHr in FY17 (with utilisation level at 95%). The capex for FY18E is expected to be in the range of ₹ 450-500 crore
- According to the management, E-rickshaws will have an overall opportunity of ₹ 1500-2000 crore for battery players. At present, Amara Raja derives ~2% of revenue from the E-rickshaw space and expects the same to improve, going forward. The management is targeting double digit market share from the above segment
- ARBL is also exploring the renewable or solar power segment, while lithium battery could be the preferred solution, going forward. ARBL with the help of Johnson Control's technology is likely to explore the lithium battery space, going forward
- It continues to target the Indian Ocean RIM (Eastern Africa, ME, SE Asia and South Asia) for its exports

Company Analysis

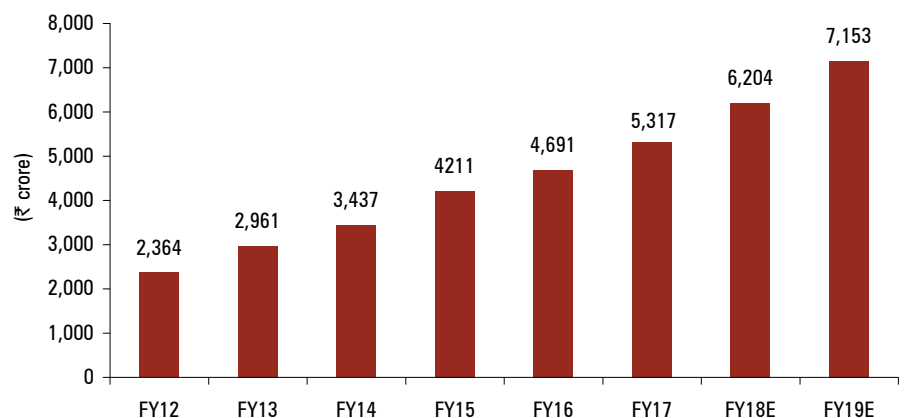
New capacity to drive next phase of growth!

ARBL's automotive and industrial revenue mix was at 60% & 40%, respectively. Within the automotive space, replacement segment accounts for ~46% of its revenue while OEM accounts for ~14% of its revenue. ARBL has embarked on a strong capacity addition programme in the next four years, which would aid new market growth. Capacity, on the automotive side, is expected to go up to ~36 million (mn) units by FY20 from ~19 mn units in FY17 on the automotive side. Its 2-W capacity is expected to increase from ~11 mn units in FY17 to 15 mn units in FY18E and further to 25 mn units in FY20. On the other hand, its 4-W capacity is expected to increase from ~8.3 mn units to ~10.5 mn in FY18E. On the industrial side, large VRLA capacity is expanding to ~1300 million AmpHr in FY17 (with utilisation level 95%) from 760 million AmpHr in FY13. The gradual demand recovery in the industrial segment is likely to aid growth, going forward.

We expect revenues to grow at ~16% CAGR in FY17-19E to ₹ 7,153 crore driven by increasing share of demand from the auto OEM side as well as a gradual pick-up in the replacement battery segment (due to ARBL's strong position in the organised market as well shortening life cycle).

ARBL benefits from strong brand equity and distribution network and now has in excess of ~30,000 touch points on the automotive side and ~100 aqua channel partners on the industrial side.

Exhibit 1: We build in revenue growth at ~16% CAGR in FY17-19E

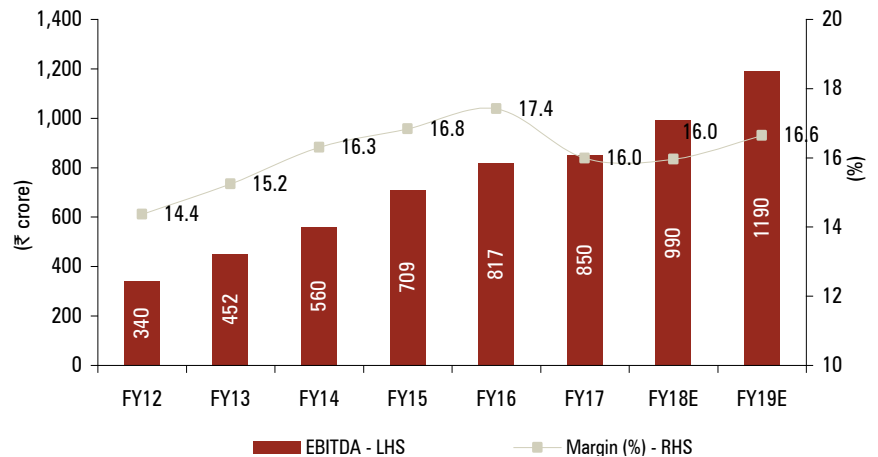


Source: Company, ICICIdirect.com Research

Price hikes + cost strategies = to support EBITDA margins!

The duopoly nature of the industry lends decent pricing power to ARBL vis-à-vis EIL. Over the past six months, lead price has been more volatile, with monthly average price surged from ₹ 116/kg in June 2016 to ₹ 155/kg in February 2017 & has again corrected to ~₹ 138/kg in May 2017. This sharp rise in lead prices impacted ARBL's gross margins, which fell 574 bps YoY & 286 bps QoQ in Q4FY17 thereby impacting EBITDA margins. The management has indicated that the increase in lead price has resulted into cost challenges. However, the same is addressed by a mix of pricing (9-10% price hike over the past six months) and effective cost strategies, which will cushion margins, going forward. The smelting contribution for ARBL is ~15%, which will also provide some cushion in the coming years. Hence, we expect EBITDA to increase to ~₹ 1190 crore, assuming margins of 16.6% in FY19E.

Exhibit 2: EBITDA margins to rise steadily

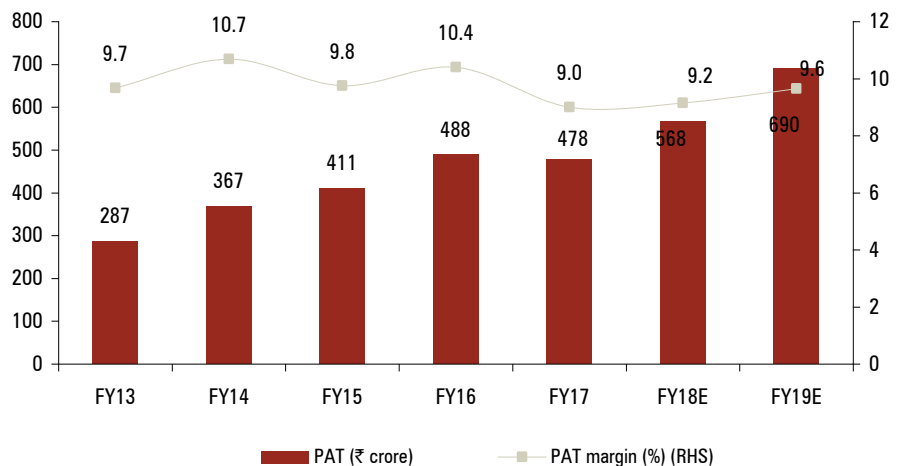


Source: Company, ICICIdirect.com Research

Higher revenue growth + margin expansion = to drive profitability

ARBL remains a cash generating franchise, which has an annual CFO in excess of ₹ 800 crore (FY19E). PAT is expected to grow to ₹ 690 crore at ~20% CAGR (FY17-19E).

Exhibit 3: Profit to continue with strong growth momentum!

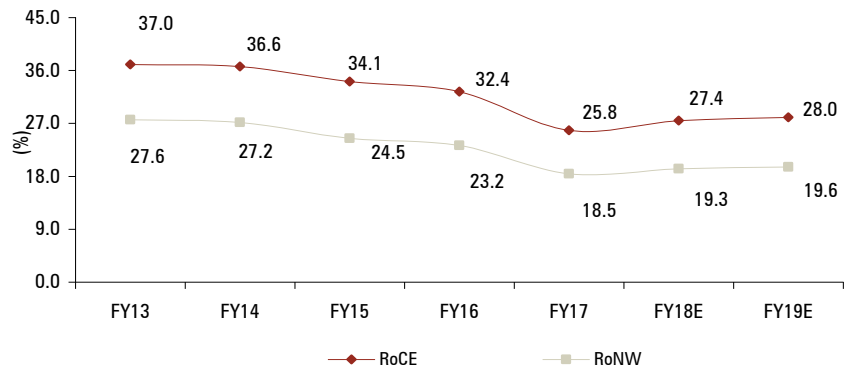


Source: Company press release, ICICIdirect.com Research

Return ratios to remain healthy!

Return ratios are expected to remain healthy with rising profitability. Return ratios witnessed a decline in FY11 primarily due to the significant investment to boost the manufacturing capacity. However, post the same, ratios moved higher. With new capacity coming on stream, the initial lower utilisation level is likely to result in higher overhead cost or start-up cost. Thus, it is likely to moderate return ratios in FY17, though is expected to recover from FY18E onwards. We expect RoNW & RoCE of ~20% & ~28%, respectively, for FY19E.

Exhibit 4: Strong return ratios...



Source: Company, ICICIdirect.com Research

Outlook and valuation

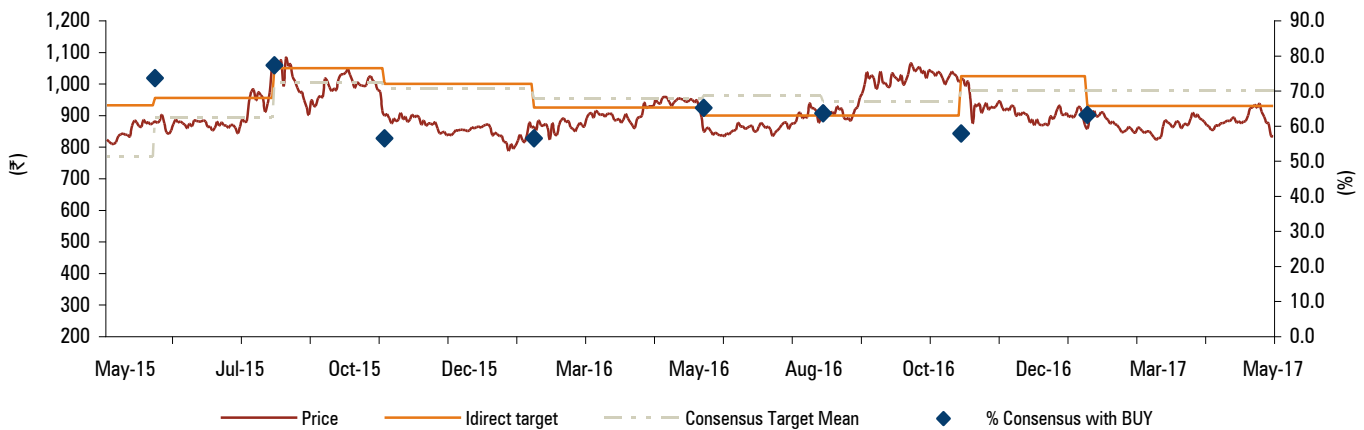
ARBL's performance has continued to be impressive even as the industry leader struggles with consistency in profitability. ARBL has put up a consistent performance; strong return ratio (~20% RoE, ~28% RoCE), good earnings visibility and a strong balance sheet (net debt negative). However we believe, ARBL is likely to face key challenges on the margin front, considering higher lead prices in the competitive environment & with no major differentiator in the product. Also, with EIL's performance gradually reviving, the premium valuation will now narrow down for ARBL. Hence, we maintain our **HOLD** recommendation on the stock & retain our target of ₹ 930, valuing at 23x FY19E EPS of ₹40.4 per share

Exhibit 5: Valuation

	Revenues (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	4,690.7	11.4	28.6	18.6	30.2	18.1	23.2	32.4
FY17E	5,317.2	13.4	28.0	(2.0)	30.8	17.3	18.5	25.8
FY18E	6,203.5	16.7	33.2	18.7	26.0	14.9	19.3	27.4
FY19E	7,153.4	15.3	40.4	21.6	21.4	12.4	19.6	28.0

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Apr-09	ARBL reports strong EBITDA margin jump of 500 bps to ~20% for FY10 results
May-09	The company undertakes new capacity expansion drive in the industrial battery side both of large VRLA and medium VRLA
Nov-10	Receives best supply chain leader in the auto components business
Mar-11	The company is able to gain on EIL's loss of market share in replacement market and increases replacement share by 6% QoQ
Mar-12	The increase in costs of lead causes decline in gross margins for the complete battery industry
Aug-12	The stock gets re-rated vis-à-vis EIL due to consistency of earnings as EIL's financial performance deteriorates
Mar-12	ARBL reports strong EBITDA margins performance
Mar-13	The company announces next growth capex of ₹ 700 crore across various segments
Oct-13	ARBL commissions the new two wheeler capacity aiding volume growth
May-14	Surprises on the negative side on the EBITDA margins front
Nov-14	ARBL announces new capacity expansion plan of ₹ 500 crore for tubular battery with 1.4 million unit capacity
Apr-15	Company commissions 4-W battery plant at Chittoor with installed capacity at 2.25 million p.a. taking total capacity to 8.25 million per annum
May-15	Clocks highest ever revenue & PAT in FY15

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)	Shareholding Pattern (in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
1	Johnson Controls Mauritius Pvt. Ltd.	31-Mar-17	0.3	44.4	0.00	Promoter	52.1	52.1	52.1	52.1	52.1
2	Galla (Jayadev)	31-Mar-17	0.1	12.8	0.00	FII	24.7	25.2	25.8	26.0	24.0
3	Galla (Ramachandra N)	31-Mar-17	0.1	12.8	0.00	DII	11.8	11.1	10.7	10.7	12.0
4	Gourineni (Ramadevi)	31-Mar-17	0.0	8.1	0.00	Others	11.5	11.7	11.5	11.3	11.9
5	Galla (Amara Kumari)	31-Mar-17	0.0	5.3	0.00						
6	Franklin Advisers, Inc.	31-Mar-17	0.0	4.8	0.00						
7	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-Mar-17	0.0	4.8	2.29						
8	ICICI Prudential Asset Management Co. Ltd.	31-Mar-17	0.0	4.2	0.74						
9	Amara Raja Group	31-Mar-17	0.0	3.1	0.00						
10	Capital Research Global Investors	31-Mar-17	0.0	2.6	0.00						

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Franklin Templeton Asset Management (India) Pvt. Ltd.	31.50	2.29	SBI Funds Management Pvt. Ltd.	-7.90	-0.61
ICICI Prudential Asset Management Co. Ltd.	10.12	0.74	UTI Asset Management Co. Ltd.	-1.88	-0.15
Grantham Mayo Van Otterloo & Co LLC	1.84	0.13	DSP BlackRock Investment Managers Pvt. Ltd.	-1.46	-0.11
Champlain Investment Partners, LLC	0.88	0.07	HDFC Asset Management Co., Ltd.	-1.19	-0.09
American Century Investment Management, Inc.	0.75	0.05	TIAA Global Asset Management	-0.53	-0.04

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement ₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E
Total operating Income	4,691	5,317	6,204	7,153
Growth (%)	12.3	13.4	16.7	15.3
Raw Material Expenses	2,964.5	3,488.5	4,105.5	4,691.2
Employee Expenses	243.0	277.8	311.5	357.3
Other Expenses	666.3	701.0	796.7	914.6
Total Operating Expenditure	3,873.8	4,467.2	5,213.8	5,963.0
EBITDA	817	850	990	1,190
Growth (%)	15.2	4.0	16.5	20.3
Depreciation	139.9	191.2	204.7	228.9
Interest	1.7	5.8	2.0	2.0
Exceptional Items	0.0	0.0	0.0	0.0
PBT	720.9	702.2	847.3	1,030.0
Total Tax	232.7	223.7	279.5	339.8
PAT	488	478	568	690
Growth (%)	18.8	-2.0	18.7	21.6
EPS (₹)	28.6	28.0	33.2	40.4

Source: Company, ICICIdirect.com Research

Cash flow statement ₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E
Profit after Tax	488.2	478.5	567.8	690.2
Add: Depreciation	139.9	191.2	204.7	228.9
(Inc)/dec in Current Assets	-186.6	-281.6	-90.5	-256.9
Inc/(dec) in CL and Provisions	97.8	84.2	140.6	137.8
CF from operating activities	539.3	472.3	822.6	800.0
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-545.5	-486.5	-500.0	-450.0
Others	0.0	0.0	0.0	0.0
CF from investing activities	(523.5)	(460.2)	(503.7)	(438.1)
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-1.7	0.0	0.0	0.0
Dividend paid & dividend tax	0.0	0.0	0.0	0.0
CF from financing activities	(89.0)	17.4	(213.4)	(113.1)
Net Cash flow	-73.2	29.6	105.4	248.8
Opening Cash	222.2	149.0	178.5	284.0
Closing Cash	149.0	178.5	284.0	532.8

Source: Company, ICICIdirect.com Research

Balance sheet ₹ Crore				
(Year-end March)	FY16	FY17E	FY18E	FY19E
Liabilities				
Equity Capital	17.1	17.1	17.1	17.1
Reserve and Surplus	2,083.4	2,575.8	2,930.2	3,507.3
Total Shareholders funds	2,100.5	2,592.9	2,947.2	3,524.4
Total Debt	72.5	69.0	69.0	69.0
Deferred Tax Liability	58.8	81.5	77.8	89.7
Total Liabilities	2,231.8	2,824.6	3,175.2	3,764.2
Assets				
Gross Block	1,905.0	2,411.2	2,911.2	3,411.2
Less: Acc Depreciation	592.8	784.0	988.7	1,217.6
Net Block	1,312.2	1,627.3	1,922.5	2,193.6
Capital WIP	119.7	100.0	100.0	50.0
Total Fixed Assets	1,436.0	1,732.4	2,027.7	2,248.7
Investments	16.1	18.9	18.9	18.9
Inventory	601.6	817.0	764.8	881.9
Debtors	592.1	570.5	764.8	881.9
Loans and Advances	100.7	135.3	133.2	153.6
Other Current Assets	11.6	139.7	90.0	92.4
Cash	149.0	178.5	284.0	532.8
Total Current Assets	1,455.1	1,840.9	2,036.8	2,542.6
Creditors	330.1	418.4	441.9	509.6
Provisions	98.3	53.7	131.5	151.7
Other current liabilities	247.1	287.5	326.7	376.8
Total Current Liabilities	675.4	759.6	900.2	1,038.0
Net Current Assets	779.7	1,081.3	1,136.7	1,504.6
Other Non-Current Assets	0.0	74.7	74.7	74.7
Application of Funds	2,231.8	2,824.6	3,175.2	3,764.2

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17E	FY18E	FY19E
Per share data (₹)				
EPS	28.6	28.0	33.2	40.4
Cash EPS	36.8	39.2	45.2	53.8
BV	123.0	151.8	172.5	206.3
DPS	1.0	1.1	1.1	1.0
Cash Per Share	0.7	3.8	0.9	1.0
Operating Ratios (%)				
EBITDA Margin	17.4	16.0	16.0	16.6
PBT / Net sales	14.4	12.4	12.7	13.4
PAT Margin	10.4	9.0	9.2	9.6
Inventory days	46.8	56.1	45.0	45.0
Debtor days	46.1	39.2	45.0	45.0
Creditor days	25.7	28.7	26.0	26.0
Return Ratios (%)				
RoE	23.2	18.5	19.3	19.6
RoCE	32.4	25.8	27.4	28.0
RoIC	34.8	26.8	29.0	31.1
Valuation Ratios (x)				
P/E	30.2	30.8	26.0	21.4
EV / EBITDA	18.1	17.3	14.9	12.4
EV / Net Sales	3.2	2.8	2.4	2.1
Market Cap / Sales	3.1	2.8	2.4	2.1
Price to Book Value	7.0	5.7	5.0	4.2
Solvency Ratios				
Debt/Equity	0.0	0.0	0.0	0.0
Current Ratio	1.9	2.1	1.9	1.9
Quick Ratio	1.0	1.0	1.0	1.0

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
Amara Raja (AMARAJ)	866	930	Hold	14790	28.0	33.2	40.4	30.9	26.0	21.4	17.3	14.9	12.4	25.8	27.4	28.0	18.5	19.3	19.6
Apollo Tyre (APOTYR)	232	280	Buy	11700	21.7	21.8	19.7	10.7	10.6	11.8	6.5	7.9	8.6	19.9	13.6	11.0	17.1	15.0	12.2
Ashok Leyland (ASHLEY)	92	100	Buy	25863	2.5	4.0	4.8	36.1	23.0	19.0	11.8	11.6	9.6	22.8	20.8	22.6	17.4	17.4	18.8
Bajaj Auto (BAAUTO)	2814	3000	Hold	81432	126.8	132.3	155.4	23.4	22.5	19.1	17.5	18.0	15.0	42.2	30.5	33.5	29.9	22.4	24.0
Balkrishna Ind. (BALIND)	1498	1400	Buy	14475	58.7	77.0	83.8	20.1	15.3	14.1	11.2	9.6	7.6	20.4	22.5	24.7	20.3	22.5	24.7
Bharat Forge (BHAFOR)	1133	1300	Buy	26404	29.9	40.1	47.6	37.8	28.2	23.8	20.8	13.9	11.7	16.1	22.2	26.9	14.6	17.9	21.2
Bosch (MICO)	23606	25250	Buy	74124	410.2	567.0	566.2	55.2	40.0	40.0	36.0	37.5	26.1	15.1	15.8	15.8	22.5	21.4	25.3
Eicher Motors (EICMOT)	28351	30500	Buy	76577	655.9	833.2	1019.4	43.2	34.0	27.8	24.8	18.4	14.7	39.2	41.1	39.1	36.0	33.6	30.9
Exide Industries (EXIIND)	233	270	Buy	19835	7.3	8.2	9.4	31.9	28.6	24.7	19.0	17.7	14.4	19.4	18.7	20.4	14.0	14.1	14.8
Hero Mototcorp (HERHON)	3618	3975	Buy	72259	156.9	169.1	199.6	23.1	21.4	18.1	15.2	14.3	11.9	53.6	43.5	49.0	39.4	33.0	36.3
JK Tyre & Ind (JKIND)	167	215	Buy	3777	21.0	16.6	18.1	7.9	10.1	9.2	5.8	8.1	6.5	20.1	11.2	11.8	29.1	15.8	18.2
Mahindra CIE (MAHAUT)	244	280	Buy	7886	4.5	10.3	13.5	54.6	23.6	18.0	16.8	11.5	9.1	5.4	10.8	12.6	6.9	11.1	13.2
Maruti Suzuki (MARUTI)	7065	7200	Buy	213498	151.3	242.9	280.1	46.7	29.1	25.2	21.4	18.6	15.8	23.9	26.3	26.5	16.9	20.3	20.4
Motherson (MOTSUM)	447	450	Hold	62808	11.1	16.7	22.9	40.4	26.8	19.5	15.1	10.5	7.8	16.0	22.2	28.4	19.6	23.1	25.0
Wabco India (WABTVS)	5940	7000	Buy	11286	107.7	118.6	158.4	55.1	50.1	37.5	37.9	32.4	24.8	19.4	17.8	19.4	25.5	24.5	26.8

Source: Company, ICICIdirect.com Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

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