


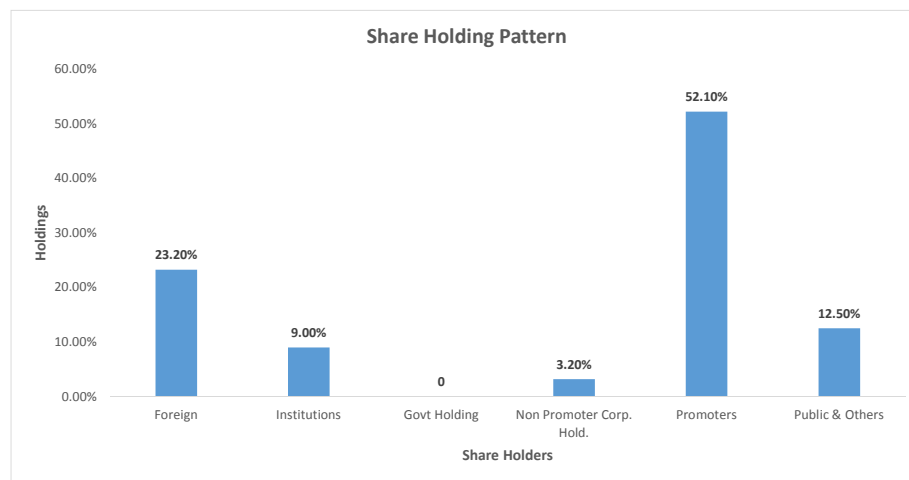
<h2 style="text-align: center;">Research Report</h2>	 <p style="text-align: center;">Spearhead FinServe PRIVATE LIMITED <small>A subsidiary of Spearhead Services Pvt Ltd</small></p>																
<h3 style="text-align: center;">Amara Raja Batteries Ltd</h3>	<table> <tr> <td>Recommendation</td><td style="text-align: right;">Accumulate</td></tr> <tr> <td>Current Market Price</td><td style="text-align: right;">795</td></tr> <tr> <td>Target</td><td style="text-align: right;">931</td></tr> <tr> <td>Accumulation Price Band</td><td style="text-align: right;">780-800</td></tr> <tr> <td>Time Frame</td><td style="text-align: right;">6 Months</td></tr> <tr> <td>Derivative Segment</td><td style="text-align: right;">Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	795	Target	931	Accumulation Price Band	780-800	Time Frame	6 Months	Derivative Segment	Yes				
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<p style="text-align: center;">Industry : Auto Ancillaries</p>	<p>Quick Glance</p> <table> <tr> <td>Share Capital (Rs Cr)</td><td style="text-align: right;">17.08</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td style="text-align: right;">13,562.51</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td style="text-align: right;">13,570.89</td></tr> <tr> <td>Face Value (in Rs)</td><td style="text-align: right;">1.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td style="text-align: right;">948.00/376.20</td></tr> </table>	Share Capital (Rs Cr)	17.08	Market Cap (Rs Cr)	13,562.51	Enterprise Value (Rs Cr)	13,570.89	Face Value (in Rs)	1.00	52 Week High/ Low (in Rs)	948.00/376.20						
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<p>Company Overview</p> <p>»Amara Raja Batteries Ltd was incorporated in February 1985 is the largest manufacturer of Standby Valve Regulated Lead Acid (VRLA) batteries in the Indian Ocean Rim comprising the area ranging from Africa and the Middle East to South East Asia.</p> <p>»Amara Raja Batteries are in the business of Industrial Battery, Automobile Battery and Power System apart from being the largest supplier of stand-by power systems, attering to Indian utilities such as, Departments of Telecommunication, Indian Railways, Power Generation Stations etc.</p> <p>»Amara Raja Batteries and Johnsons Controls hold 26% stake in the company through a JV in 2002.</p>	<p>Financials</p> <table> <tr> <td>EPS (Rs)</td><td style="text-align: right;">21.51</td></tr> <tr> <td>Book Value (Rs)</td><td style="text-align: right;">79.78</td></tr> <tr> <td>P/E</td><td style="text-align: right;">36.96</td></tr> <tr> <td>P/BV</td><td style="text-align: right;">9.95</td></tr> <tr> <td>ROE</td><td style="text-align: right;">26.96</td></tr> <tr> <td>ROCE (%)</td><td style="text-align: right;">37.40</td></tr> <tr> <td>Dividend Yeild (%)</td><td style="text-align: right;">0.41</td></tr> </table>	EPS (Rs)	21.51	Book Value (Rs)	79.78	P/E	36.96	P/BV	9.95	ROE	26.96	ROCE (%)	37.40	Dividend Yeild (%)	0.41		
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<p>Industry Overview</p> <p>» The Indian battery market is predominantly dominated by two players; Exide Industries & Amara Raja Batteries, who control 90% of the organized market</p> <p>»Brand Equity & access to wide distribution service network are significant entry barriers apart from delay in obtaining approvals from Original Equipment Manufacturers and Industrial customers act as entry barriers.</p> <p>»The Indian stationery Industrial Battery Market, has a market size of INR 115.64 billion in Indian financial year FY 2013 and this is likely to reach INR 160.43 billion in FY 2018.</p> <p>»The Industrial battery segment contributes about 37% of the market while the rest 63% is dominated by Automotive battery division.</p>	<p>Highlights</p> <table> <tr> <td>Debt (Rs Cr)</td><td style="text-align: right;">84.33</td></tr> <tr> <td>Reserves (Rs Crs)</td><td style="text-align: right;">1,345.62</td></tr> <tr> <td>FII Holdings (%)</td><td style="text-align: right;">14.54</td></tr> <tr> <td>MF Holdings (%)</td><td style="text-align: right;">8.92</td></tr> <tr> <td>Free Float Market Capitaliation (Rs Cr)</td><td style="text-align: right;">6,508.23</td></tr> <tr> <td>Beta</td><td style="text-align: right;">0.78</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td style="text-align: right;">208,825</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td style="text-align: right;">22,410,770</td></tr> </table>	Debt (Rs Cr)	84.33	Reserves (Rs Crs)	1,345.62	FII Holdings (%)	14.54	MF Holdings (%)	8.92	Free Float Market Capitaliation (Rs Cr)	6,508.23	Beta	0.78	Avg Volume Per day (no. of shares)	208,825	Avg Volume Per Month (no. of shares)	22,410,770
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<p>Key Highlights</p> <p>»Amara Raja Batteries has commissioned a four-wheeler automotive battery plant in Chittoor district in Andhra Pradesh with an installed capacity of 2.25 million units per annum.</p> <p>»On the industrial side, VRLA battery capacity expansions are expected to be complete at ~1000 mn AmpHr which is likely to be completed in FY16.</p>																	
<p>Key Risks</p> <p>»Lead & its alloys constitute 65-70% of the total raw material cost and any steep increase in lead prices would impact margins and profitability.</p> <p>»Any slowdown in the end user industries and particulary the Automotive battery segment will adversely impact the company.</p>																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Net Sales	3,436.66	2,961.40	2,364.66	1,759.91	1,472.97
Operating Profit	560.32	451.52	355.68	258.11	291.98
Operating Profit Margin	16.30	15.25	15.04	14.67	19.82
Depreciation	64.57	66.09	46.47	41.71	42.95
Interest	0.72	1	1.82	2.6	8.43
Other Income	41.63	37.39	11.14	6.12	14.85
PBT	536.66	421.82	318.53	219.92	255.45
APAT	367.44	286.71	215.06	148.1	167.03
PAT Margin (%)	10.69	9.68	9.09	8.42	11.34
Earnings Per Share	21.51	16.78	25.18	17.34	19.56

Balance Sheet					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Equity Share Capital	17.08	17.08	17.08	17.08	17.08
Reserves and Surplus	1,345.62	1,042.73	806.39	628.85	526.56
Net Worth	1,362.70	1,059.81	823.47	645.93	543.64
Deferred Tax Liability :	-	-	-	-	-
Long Term Debt	8.38	9.86	5.6	24.04	27.29
ShortTerm Debt	75.95	77.31	78.47	71	63.89
Total Debt	84.33	87.17	84.07	95.04	91.18
Current Liabilities	373.58	336.52	223.27	212.38	187.27
Total Provisions	318.83	286.96	220.71	157.22	153.45
Total Liabilities	1,447.03	1,146.98	907.54	740.97	634.82
Gross Block	992.57	678.41	621.71	538.76	491.11
Net Fixed Assets	623.19	358.86	355.03	315.09	305.73
Investments	16.08	16.08	16.08	16.08	16.08
Current Assets	1,082.37	1,084.33	640.48	598.53	505.58
Deferred Tax Asset :	-	-	-	-	-
Receivables	452.79	380.68	319.68	305.66	242.3
Inventories	335.01	292.86	266.62	284.7	217.57
Cash	294.57	410.79	54.18	8.17	45.71
Total Assets	1,447.03	1,146.98	907.54	740.97	634.82

Income Statement (Quarterly)								
Particulars (Rs Cr)	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q1
Net Sales	1,059.55	1,060.23	1,024.85	885.14	859.95	804.72	886.85	801.06
Operating Profit	151.25	148.69	144.57	118.76	134.64	126.58	130.88	85.17
Operating Profit Margin	14.27	14.02	14.11	13.42	15.66	15.73	14.76	10.63
Depreciation	28.8	36.64	30.96	18.95	15.68	15.42	14.52	26.74
Interest	0.06	0.04	0.02	0.6	0	0.05	0.04	0.27
Other Income	4.7	5.58	5.88	6.12	7.28	7.37	9.65	7.11
PBT	155.89	154.23	150.43	120.4	141.89	133.9	140.49	92.21
APAT	102.34	100.3	105.96	80.05	95.01	94.58	97.8	59.6
PAT Margin (%)	9.66	9.46	10.34	9.04	11.05	11.75	11.03	7.44
Earnings Per Share	5.99	5.87	6.2	4.69	5.56	5.54	5.73	3.49

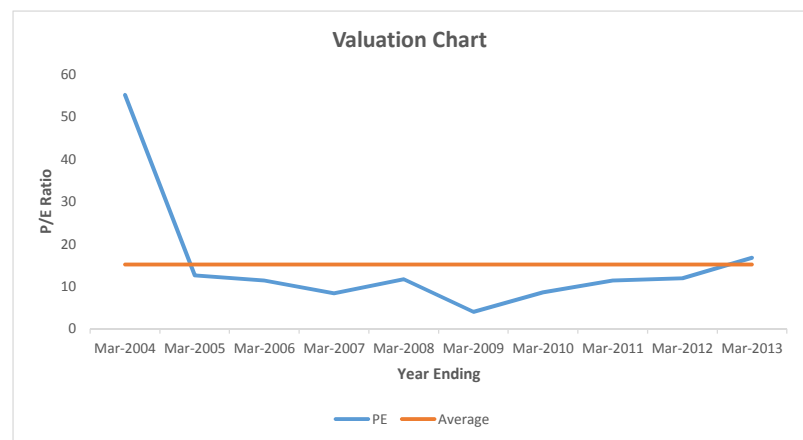
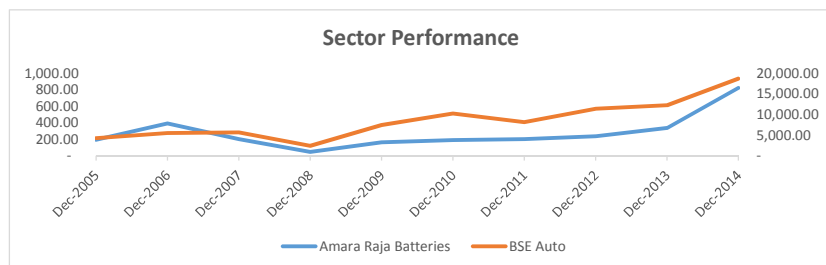


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	3,436.66	2,961.40	2,364.66	1,759.91	1,472.97
Operating Profit Margins	%	16.30	15.25	15.04	14.67	19.82
PAT	Crs	367.44	286.71	215.06	148.10	167.03
PAT Margins	%	10.69	9.68	9.09	8.42	11.34
Revenue Growth	%	16.05	25.24	34.36	19.48	10.13
Operating Profit Growth	%	24.10	26.95	37.80	(11.60)	40.31
PAT Growth	%	28.16	33.32	45.21	(11.33)	107.54
Gearing	times	0.06	0.08	0.1	0.15	0.17
ROCE	%	37.4	37.66	35.27	29.96	39.66
ROE	%	26.96	27.05	26.12	22.93	30.72

Peer Comparison				
Particulars	Units	Amara Raja Batteries	Bosch	Exide Inds
Revenue	Rs Cr	3,436.66	8,820.10	5,964.24
Operating Profit Margins	%	16.30	14.64	13.69
PAT	Rs Cr	367.44	884.70	487.08
PAT Margins	%	10.69	10.03	8.17
Gearing	%	0.06	0.02	-
EPS	Rs / Share	21.51	281.76	5.73
PE	times	36.96	79.87	30.02
P/BV	times	9.95	9.62	3.42
ROCE	%	37.40	19.60	19.4
ROE	%	26.96	14.05	13.05
EV/EBITDA	times	24.22	54.74	17.81

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
Amara Raja Batteries	-2.86%	-5.68%
BSE Auto	-1.97%	-5.81%



Technical Outlook

