

Amara Raja Energy and Mobility AMAR.NS ARENM IN

EQUITY: AUTOS & AUTO PARTS

Lithium cell business profitability at risk

3Q revenue and EBITDA margin miss on cost pressure

3QFY26 EBITDA margin at 11.2%, below our (12.5%) and consensus (12.3%) estimates

- ARENM's 3QFY26 revenue at INR33.5bn (6% y-y) was below both our and consensus estimates by (3%/4%). EBITDA margin at 11.2% was also below both our estimates (Nomura: 12.5%) and consensus (12.3%), leading to ~13% EBITDA miss (Fig. 1). Higher RM/sales at 68.2%, +103bp q-q (Nomura: 67.2%) and other overheads/sales at 14.5% +26bp q-q (Nom: 13.7%) offset the impact on margins from lower staff costs/sales of 6.1%, -48bp q-q. (Nomura: 6.7%). Reported PAT at INR1.5bn was -16% y-y.
- Management commentary:** 4W OEMs strong at +25% y-y, aftermarket +3% y-y, while 2W OE and replacement battery demand was flat y-y, impacted by a high base and plant shutdown; Telecom remains a drag on industrial volumes, down 45% y-y and UPS was up +5% y-y. **New Energy:** revenue crossed INR2bn in 3Q. **Margins:** Commodity pressures continue to impact margins along with higher OEM mix and warranty provisions. A 2% price hike was taken in January. **EBITDA margin target of 13-14%. Capex:** FY26E lead acid capex to be INR7-8bn; FY27E to normalise to INR3-4 bn. New 5 GWh plant for BESS with a capex of INR2.8bn to be operational by FY27E. Battery recycling operations to commence in 4Q are expected to mitigate lead costs.
- Our view:** AMRJ faces risks from commodity pressure and potential price hikes. Margins may remain under pressure due to low growth and rising competition in certain segments. NMC utilisation could be challenging as customers shift towards LFP, while cheaper Chinese cell imports may limit profitable growth at scale. Entry into new segments, such as BESS could support volumes, but margins may remain structurally lower given the high imports content.
- Estimates (Fig. 8):** Our revenue estimates are largely unchanged. We lower EBITDA margins to 11.4%/12.3%/12.8% (from 12.3%/13.5%/13.4%) for FY26F/27F/28F, leading to 11%/13%/8% EPS cuts over FY26F/FY27F/FY28F.

Action: Maintain Neutral; SOTP-based TP lowered to INR942 (from INR1,119)

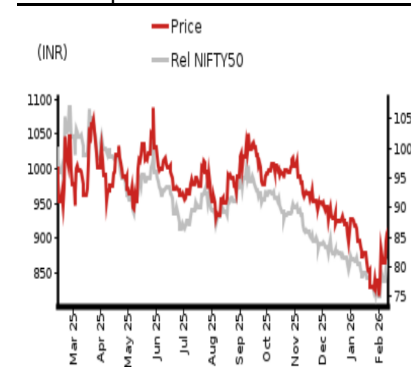
We roll forward our TP to 15x (unchanged) FY28F, (vs Dec-27F previously), and add INR34 for li-ion cell capex (0.5x FY28F BV). We prefer SONACOMS, UNOMINDA in the auto parts space (both rated Buy).

Year-end 31 Mar	FY25		FY26F		FY27F		FY28F	
Currency (INR)	Actual	Old	New	Old	New	Old	New	
Revenue (mn)	124,049	134,585	133,450	148,184	147,097	162,517	161,368	
Reported net profit (mn)	9,639	8,472	7,566	10,667	9,309	11,984	11,072	
Normalised net profit (mn)	8,528	8,472	7,566	10,667	9,309	11,984	11,072	
FD normalised EPS	46.60	46.29	41.34	58.29	50.87	65.49	60.50	
FD norm. EPS growth (%)	-12.1	-0.7	-11.3	25.9	23.0	12.4	18.9	
FD normalised P/E (x)	18.5	-	20.8	-	16.9	-	14.2	
EV/EBITDA (x)	9.6	-	10.3	-	8.6	-	7.2	
Price/book (x)	2.1	-	2.0	-	1.8	-	1.7	
Dividend yield (%)	1.2	-	1.1	-	1.3	-	1.6	
ROE (%)	13.6	11.0	9.9	12.6	11.2	12.9	12.1	
Net debt/equity (%)		net cash	net cash	net cash	net cash	net cash	net cash	

Source: Company data, Nomura estimates

Rating Remains	Neutral
Target price Reduced from INR 1,119	INR 942
Closing price 12 February 2026	INR 861
Implied upside	+9.4%
Market Cap (USD mn)	1,740.3
ADT (USD mn)	3.2

Relative performance chart



Source: LSEG, Nomura

Research Analysts

India Autos & Auto Parts

Kapil Singh - NFA SL
kapil.singh@nomura.com
+91 22 403 74199

Siddhartha Bera, CFA - NFA SL
siddhartha.bera@nomura.com
+91 22 403 74362

Key data on Amara Raja Energy and Mobility

Performance

(%)	1M	3M	12M		
Absolute (INR)	-3.1	-10.6	-13.8	M cap (USDmn)	1,740.3
Absolute (USD)	-3.5	-12.6	-17.3	Free float (%)	45.0
Rel to NIFTY50	-3.7	-10.9	-26.4	3-mth ADT (USDmn)	3.2

Income statement (INRmn)

Year-end 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
Revenue	112,603	124,049	133,450	147,097	161,368
Cost of goods sold	-85,366	-95,060	-103,731	-112,687	-122,555
Gross profit	27,237	28,989	29,718	34,410	38,813
SG&A	-8,816	-10,151	-11,589	-12,631	-13,865
Employee share expense	-6,994	-7,468	-8,384	-9,404	-10,444
Operating profit	11,427	11,370	9,745	12,375	14,505
EBITDA	16,214	16,291	15,238	18,139	20,604
Depreciation	-4,787	-4,921	-5,492	-5,764	-6,100
Amortisation					
EBIT	11,427	11,370	9,745	12,375	14,505
Net interest expense	-332	-422	-380	-380	-380
Associates & JCEs					
Other income	1,015	933	790	501	737
Earnings before tax	12,110	11,880	10,155	12,496	14,862
Income tax	-3,052	-3,353	-2,590	-3,186	-3,790
Net profit after tax	9,059	8,528	7,566	9,309	11,072
Minority interests					
Other items					
Preferred dividends					
Normalised NPAT	9,059	8,528	7,566	9,309	11,072
Extraordinary items	0	1,111	0	0	0
Reported NPAT	9,059	9,639	7,566	9,309	11,072
Dividends	-1,812	-1,922	-1,705	-2,098	-2,495
Transfer to reserves	7,247	7,717	5,861	7,212	8,577

Valuations and ratios

Reported P/E (x)	16.2	16.4	20.8	16.9	14.2
Normalised P/E (x)	16.2	18.5	20.8	16.9	14.2
FD normalised P/E (x)	16.2	18.5	20.8	16.9	14.2
Dividend yield (%)	1.1	1.2	1.1	1.3	1.6
Price/cashflow (x)	9.8	9.0	12.7	11.2	9.8
Price/book (x)	2.3	2.1	2.0	1.8	1.7
EV/EBITDA (x)	9.7	9.6	10.3	8.6	7.2
EV/EBIT (x)	13.7	13.7	16.1	12.6	10.2
Gross margin (%)	24.2	23.4	22.3	23.4	24.1
EBITDA margin (%)	14.4	13.1	11.4	12.3	12.8
EBIT margin (%)	10.1	9.2	7.3	8.4	9.0
Net margin (%)	8.0	7.8	5.7	6.3	6.9
Effective tax rate (%)	25.2	28.2	25.5	25.5	25.5
Dividend payout (%)	20.0	19.9	22.5	22.5	22.5
ROE (%)	14.2	13.6	9.9	11.2	12.1
ROA (pretax %)	13.8	12.3	9.5	11.1	12.3

Growth (%)

Revenue	8.4	10.2	7.6	10.2	9.7
EBITDA	13.0	0.5	-6.5	19.0	13.6
Normalised EPS	16.4	-12.1	-11.3	23.0	18.9
Normalised FDEPS	16.4	-12.1	-11.3	23.0	18.9

Source: Company data, Nomura estimates

Cashflow statement (INRmn)

Year-end 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	16,214	16,291	15,238	18,139	20,604
Change in working capital	2,428	3,050	-656	-979	-1,020
Other operating cashflow	-3,606	-1,731	-2,180	-3,066	-3,433
Cashflow from operations	15,036	17,610	12,402	14,094	16,151
Capital expenditure	-2,673	-8,806	-4,000	-4,000	-4,000
Free cashflow	12,363	8,804	8,402	10,094	12,151
Reduction in investments	-9,931	-5,188	-8,000	-6,500	-2,000
Net acquisitions					
Dec in other LT assets	150	1,318	0	0	0
Inc in other LT liabilities	-196	61	0	0	0
Adjustments	-1,621				
CF after investing acts	2,386	3,373	402	3,594	10,151
Cash dividends	-1,812	-1,922	-1,705	-2,098	-2,495
Equity issue	12	0	0	0	0
Debt issue	-540	-260	0	0	0
Convertible debt issue					
Others	0	0	0	0	0
CF from financial acts	-2,340	-2,181	-1,705	-2,098	-2,495
Net cashflow	47	1,192	-1,303	1,497	7,657
Beginning cash	998	1,045	1,653	350	1,847
Ending cash	1,045	2,236	350	1,847	9,504
Ending net debt	-785	-1,653	-350	-1,847	-9,504

Balance sheet (INRmn)

As at 31 Mar	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	1,045	1,653	350	1,847	9,504
Marketable securities					
Accounts receivable	10,171	11,428	12,294	13,551	14,866
Inventories	18,095	20,364	22,245	24,270	26,476
Other current assets	2,530	1,644	1,768	1,949	2,138
Total current assets	31,841	35,089	36,658	41,617	52,984
LT investments	14,791	19,979	27,979	34,479	36,479
Fixed assets	38,719	43,188	41,695	39,932	37,832
Goodwill					
Other intangible assets					
Other LT assets	2,992	1,674	1,674	1,674	1,674
Total assets	88,343	99,930	108,007	117,702	128,969
Short-term debt					
Accounts payable	8,398	10,465	11,432	12,473	13,606
Other current liabilities	10,523	14,146	15,395	16,838	18,394
Total current liabilities	18,921	24,612	26,827	29,311	32,000
Long-term debt	260	0	0	0	0
Convertible debt					
Other LT liabilities	1,476	1,536	1,536	1,536	1,536
Total liabilities	20,657	26,148	28,363	30,847	33,536
Minority interest					
Preferred stock					
Common stock	183	183	183	183	183
Retained earnings	67,504	73,600	79,461	86,672	95,250
Proposed dividends					
Other equity and reserves					
Total shareholders' equity	67,687	73,783	79,644	86,855	95,433
Total equity & liabilities	88,343	99,931	108,007	117,702	128,969

Liquidity (x)

Current ratio	1.68	1.43	1.37	1.42	1.66
Interest cover	34.4	26.9	25.6	32.6	38.2

Leverage

Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash

Per share

Reported EPS (INR)	53.03	52.67	41.34	50.87	60.50
Norm EPS (INR)	53.03	46.60	41.34	50.87	60.50
FD norm EPS (INR)	53.03	46.60	41.34	50.87	60.50
BVPS (INR)	369.87	403.18	435.21	474.62	521.49
DPS (INR)	9.90	10.50	9.32	11.46	13.63

Activity (days)

Days receivable	29.1	31.8	32.4	32.1	32.2
Days inventory	74.5	73.8	75.0	75.3	75.8
Days payable	34.0	36.2	38.5	38.7	38.9
Cash cycle	69.6	69.4	68.9	68.7	69.1

Source: Company data, Nomura estimates

Company profile

Amara Raja Batteries Limited (AMRJ) is one of the largest manufacturers of lead-acid batteries for both industrial and automotive applications in India. The Company makes automotive batteries and home UPS/Inverter batteries under the brands Amaron® and PowerZone™. In the automotive segment (~65% of revenues) it is present across India through its retail channels and sells its batteries in the aftermarket (or replacement) segment which accounts for 55% of overall revenues. It also supplies automotive batteries to all the leading passenger vehicle and two wheeler OEMs in India and derives around ~10% of revenues from OEMs. In India, AMRJ is also the preferred supplier to major industries like telecom, UPS, Indian Railways, Power and Oil & Gas. These industrial segments together contributes ~30% of its total revenues. AMRJ's products are also exported to most of the countries in the Indian Ocean Rim region. Recently, it has announced its intent to enter the 'New energy solution' businesses where it will invest in Li-ion battery technology and related solutions like EV charging products, battery management systems and swapping stations for the next leg of growth. It will also continue to expand its traditional lead acid business to newer geographies and through market share gains in the existing markets

Valuation Methodology

We maintain our target P/E at 15x, and roll forward valuation to FY28F, and add INR 34 for Li-ion cell capex (0.5x FY28F BV). We arrive at a TP of 942. The benchmark index for the stock is the Nifty 50.

Risks that may impede the achievement of the target price

Upside risk: More order wins by ARENM with OEMs will have a positive impact on the business. Downside risk: Consistent increase in the lead prices will impact the margins negatively. Rapid change in technology with change in the cell chemistry will also impact the business negatively. Increase in competitive intensity from the neighbouring countries can also hurt the business.

ESG

AMRJ is committed towards preserving its environment and sees it as an important stakeholder. It has worked towards increasing its renewable energy usage and solar roof top installation in its facilities stood at 9.3MW in FY21. It plans to increase this to 16.3MW. The Company's operating facilities are ISO 14001:2015 certified (Global standard Environment Management Systems). The Company has installed irreversible magnetic water flow meters to monitor water consumption in the plant and created rainwater harvesting bodies at its operating units to improve ground water levels. It has also installed air-quality monitoring systems and sewage treatment facilities to monitor and manage pollution in its facilities. It is also committed to increasing the green cover in its facilities and ~47% of the its operating area is under green cover. It has planted 67k trees in the last 3 years. Amara Raja has also committed to adhere by the United Nations Sustainable Developmental Goals (SDG). On the social front, Amara Raja is committed to strengthen its relationship with communities - its value chain partners, and beyond in a wider society. Amara Raja outreach initiatives cater to the underprivileged communities with the objective of improving their lives and livelihood. The Company focuses on themes of healthcare, education, skill development and environmental conservation. AMRJ has also started a Skill development centre to train youth which has helped 1100+ students in 9 batches. The Company's corporate governance practices are led by its 6 member board. Its board consists of 3 independent and one woman member. The board members ensure than the company adheres to timely disclosures, transparent accounting policies, internal control on operations and high levels of integrity in decision making with an objective to enhance stakeholder value.

3QFY26 results: EBITDA margin below estimates

Fig. 1: ARENM—3QFY26 results—Nomura vs consensus estimates

	INR mn			% difference from	
	Actual	Consensus	Nomura	Consensus	Nomura
Net Sales	33,508	34,728	34,442	-3.5%	-2.7%
EBITDA	3,745	4,285	4,288	-12.6%	-12.7%
Margin	11.2%	12.3%	12.5%		
Adj PAT	1,841	2,200	2,200	-16.3%	-16.3%

Source: Company data, Bloomberg Finance L.P. consensus, Nomura estimates

- 3QFY26 revenue at INR33.5bn (6% y-y) was slightly below both our and consensus estimates.
- EBITDA margin at 11.2% was below our and consensus estimates (Nomura: 12.5%; consensus: 12.3%). Higher RM/sales at 68.2%, +103bp q-q (Nomura: 67.2%) and higher other overheads/sales at 14.5% +26bp q-q (Nom: 13.7%) offset the impact on margins from lower staff costs/sales of 6.1%, -48bp q-q (Nomura: 6.7%).
- Reported PAT at INR1.5bn was -51% y-y.

Fig. 2: ARENM—quarterly financial summary

INR mn	Dec-24	Sep-25	Dec-25	YoY	QoQ	Dec/25F	9MFY25	9MFY26	YoY
Net Sales	31,640	33,882	33,508	5.9%	-1.1%	34,442	94,310	100,889	7.0%
Operating Costs	27,482	29,822	29,763	8.3%	-0.2%	30,154	81,442	89,218	9.5%
Material Costs	21,164	22,776	22,868	8.1%	0.4%	23,145	63,939	69,272	8.3%
As % of Net Sales	66.9%	67.2%	68.2%	136 bps	103 bps	67.2%	67.8%	68.7%	1.3%
Personnel Costs	1,912	2,231	2,046	7.0%	-8.3%	2,295	5,667	6,253	10.3%
As % of Net Sales	6.0%	6.6%	6.1%	6 bps	(48) bps	6.7%	6.0%	6.2%	3.1%
Other Overheads	4,406	4,816	4,849	10.1%	0.7%	4,714	11,836	13,693	15.7%
As % of Net Sales	13.9%	14.2%	14.5%	55 bps	26 bps	13.7%	12.6%	13.6%	8.1%
EBITDA	4,158	4,059	3,745	-9.9%	-7.7%	4,288	12,869	11,671	-9.3%
EBITDA margin	13.1%	12.0%	11.2%	(197) bps	(80) bps	12.5%	13.6%	11.6%	-15.2%
Other Income	292.5	240.8	263.4	-9.9%	9.4%	200.0	732.7	643.6	-12.2%
PBDIT	4,451	4,300	4,008	-9.9%	-6.8%	4,488	13,601	12,315	-9.5%
Depreciation	1,233	1,380	1,409	14.2%	2.1%	1,435	3,637	4,081	12.2%
Interest	107	83	87	-18.4%	5.2%	100	328	273	-16.6%
EO Gain / (Loss)	1,111	1,218	(438)			-	1,111	780	
PBT	4,222	4,056	2,075	-50.9%	-48.8%	2,953	10,748	8,740	-18.7%
Tax	1,103	1,032	558	-49.4%	-45.9%	753	2,777	2,259	-18.6%
Tax rate	26.1%	25.4%	26.9%			25.5%	25.8%	25.9%	
Adj. PAT	2,296	2,123	1,841	-19.8%	-13.3%	2,200	7,149	5,904	-17.4%
PAT	3,118	3,024	1,517	-51.4%	-49.8%	2,200	7,971	6,481	-18.7%
Adj. EPS	13.4	12.4	10.8	-19.8%	-13.3%	12.9	41.8	34.5	-17.4%

Key ratios	Dec-24	Sep-25	Dec-25	YoY	QoQ	Dec/25F	9MFY25	9MFY26	YoY
RM/sales	66.9%	67.2%	68.2%	136 bps	103 bps	67.2%	67.8%	68.7%	87 bps
Employee cost/sales	6.0%	6.6%	6.1%	6 bps	(48) bps	6.7%	6.0%	6.2%	19 bps
Other exp/sales	13.9%	14.2%	14.5%	55 bps	26 bps	13.7%	12.6%	13.6%	102 bps
Gross margin	33.1%	32.8%	31.8%	(136) bps	(103) bps	32.8%	32.2%	31.3%	(87) bps

Source: Company data, Nomura estimates

- The 'Others' business reported ~INR2.3bn in revenue, +101% y-y in 3QFY26. EBIT margin improved to -11.3% in the quarter from -28.6% in 2QFY26.

Fig. 3: Quarterly financial summary for Others business

INR mn	Dec-24	Sep-25	Dec-25	YoY	QoQ	Dec/25F	9MFY25	9MFY26	YoY
Net sales	1,177	1,701	2,364	100.9%	39.0%		3,441	5,278	53.4%
EBIT	(158)	(487)	(267)	-69.3%	-45.2%		(243)	(1,106)	-356.2%
EBIT margin	-13.4%	-28.6%	-11.3%				-7.0%	-21.0%	

Source: Company data, Nomura estimates

Key conference call takeaways

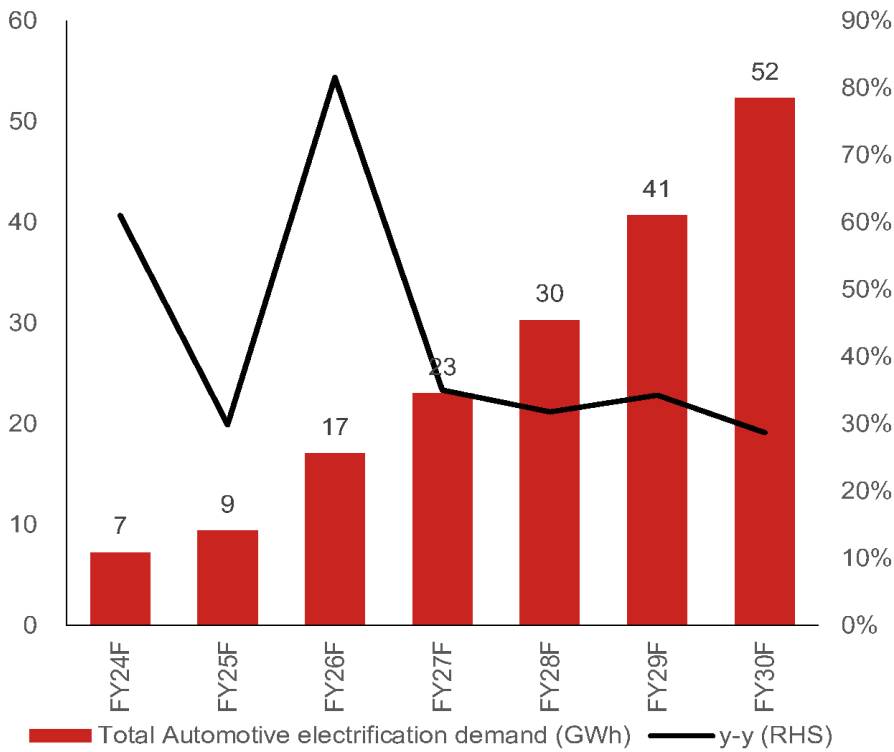
The following commentary is from management, unless otherwise stated.

- The lead acid business accounted for ~93% of revenue, with the remaining coming from new energy operations.
- During the quarter, domestic PV OEM volumes grew 25%, while aftermarket volumes grew around 3% y-y.
- 2W OEMs and aftermarket volumes were flat during the quarter, due to plant shutdowns of 2W OEMs and the high base of last year during the same quarter.
- Other applications including tubular batteries etc also grew 10% y-y.
- On the industrials side, volumes excluding telecom grew 2% y-y, with UPS volumes up 5% y-y in 3Q.
- The overall lead acid business saw a muted top-line due to a slowing industrial telecom business and decline in growth for auto exports business.
- Telecom volumes during the quarter declined by 45%, and the revenue share of the telecom business in overall revenue is now less than 5%.
- Home inverters grew 10% y-y in this quarter.
- UPS volumes were up 5% y-y during the quarter.
- Investment in its lithium subsidiary, went up by INR2bn 3Q, taking up the total investment to INR14 bn.
- The company does not foresee utilization issues for its NMC cell capacity, and it is flexible to migrate to LFP chemistry without any significant capital expenditure if needed.
- ARENM took a price hike of 2% in January 2026, in order to mitigate the pressures from rising raw material costs.
- OEM mix and warranty provisions also exerted pressure on margins.
- OEM contracts have a pass-through mechanism for lead prices, which does not apply to all commodities.
- Management stated that the company holds 55%-60% share of the lead-acid and lithium telecom market combined.
- The company's new battery recycling plant, which will be operationalized in 4Q, is expected to provide support to help mitigate lead costs once fully functional.

OEMs' EV adoption could gather pace

We estimate the total Li-ion GWh requirement across the automotive segment to potentially reach ~52Gwh by FY30F.

Fig. 4: Our total estimates of automotive electrification demand



Source: Nomura estimates

Trend of collaborating with global players for battery manufacturing

OEMs and battery manufacturers are collaborating and forming alliances with global players for battery manufacturing. ARENM has also formed a technical licensing agreement (TLA) with GIB EnergyX Slovakia (unlisted), a subsidiary of Gotion High-tech Co (002074 CS, Neutral). This will provide a license to access GIB EnergyX's LFP cell technology IP and also help establish gigafactory facilities, integrate with Gotion's supply chain network for critical battery materials, and gain technical support for customers on a non-exclusive basis. The tech partnership will help procure raw materials at competitive prices. ARENM is investing INR20bn for a 2GWH NMC (Nickel Manganese Cobalt) capacity. ARENM is focussing on onboarding customers for the offtake of its products across 2W (NMC)/3W (LFP), and PVs (LFP).

Fig. 5: Battery manufacturing plans

	Capex	Capacity	Location	Comments	Partnership
ARENM	INR15bn	2GWh (NMC operational by the end of FY26E)	Divitipalli, Telangana	Long-term plan of 16GWh with capex of INR95bn, and additionally, 5GWh battery pack capacity over 10 years. Also entered into a TLA with Gotion, which involves getting access to cell technology IP, support in establishing a gigafactory, integration of supply chain network for critical battery materials and customer support for solution deployment.	Gotion
Agratas	INR420bn	40GWh (for NMC and LFP, commencement by 2026E in England), 20GWh (li-ion battery plant in India)	Somerset, England and Gujarat, India	Collaborating with Tata Technologies for development and manufacturing of battery solutions. This alliance is to develop a holistic eMobility ecosystem for faster adoption of EVs. Battery cell production is due to commence in 2026E.	
Suzuki	INR73bn		Hansalpur, Gujarat	The plant will manufacture advanced-chemistry cell batteries. It is the second EV battery initiative in India after a li-ion battery (Toshiba DSG) plant in Gujarat.	
Exide	INR23bn	6GWh (3GWh for NMC and 3GWh for LFP by 2025E)	Bengaluru, Karnataka	Exide has entered into a multi-year technical collaboration for li-ion cell technology to support setting up the plant on a turnkey basis. Exide has a long-term plan of 12GWh capacity requiring total capex of INR50bn in phase 1. The company signed an MOU with Hyundai and will work together for the development, production and supply of battery cells for Hyundai Motors' electric vehicles destined for the Indian market.	SVOLT
OLA Electric		5 GWh (plans to expand the fab capacity to 100GWh annually)	Krishnagiri, Tamil Nadu	Ola has been awarded 20GWh capacity under the government's PLI scheme for advanced chemistry cell (ACC) battery storage. It will have initial capacity of 5GWh, which will be eventually expanded to 100GWh annually.	

Source: Company data, Nomura research

Fig. 6: ARENM vs EXID investments

Company	Target capacity	Total investment (INR bn)	Investment till 3QFY26	Remarks	SOP	Partnership	Customers
EXID	12 GWH	55	42	Ph1 - 6 GWH (NMC 3 GWH, LFP 3 GWH); Ph2 - 6 Gwh; Battery pack 1.5 GWh	3QFY26	SVOLT	Hyundai India
ARENM	16 GWH (over 10 yrs)	95	14	2 GWH NMC, Rest LFP; Battery pack 2 GWH	1HFY27	Gotion	Piaggio, Indian E2W player etc

Source: Company data, Nomura research

Commodity prices on the uptrend

Lead prices, assuming a 1.5-month lag, have increased by ~5% currently.

Fig. 7: Lead price trend

	LME Lead (INR/ton)		QoQ increase (%)	
	Avg	1.5 mnth lag	Avg	1.5 mnth lag
1QFY23	168,287	172,616	-3.7%	1.0%
2QFY23	157,524	160,393	-6.4%	-7.1%
3QFY23	172,104	159,108	9.3%	-0.8%
4QFY23	175,307	177,838	1.9%	11.8%
1QFY24	172,546	172,963	-1.6%	-2.7%
2QFY24	178,400	172,764	3.4%	-0.1%
3QFY24	176,754	178,238	-0.9%	3.2%
4QFY24	173,278	173,666	-2.0%	-2.6%
1QFY25	184,503	180,464	6.5%	3.9%
2QFY25	174,002	177,960	-5.7%	-1.4%
3QFY25	172,341	171,663	-1.0%	-3.5%
4QFY25	172,964	168,727	0.4%	-1.7%
1QFY26	168,381	168,543	-2.6%	-0.1%
2QFY26	174,887	173,672	3.9%	3.0%
3QFY26	178,737	172,974	2.2%	-0.4%
Current	180,775	180,775	1.1%	4.5%

Source: Bloomberg Finance L.P., Nomura research

Key assumptions

Our revenue estimates are largely unchanged. We lower EBITDA margin to 11.4%/12.3%/12.8% (from 12.3%/13.5%/13.4%) for FY26F/27F/28F, leading to 11%/13%/8% EPS cuts over FY26F/FY27F/FY28F.

Fig. 8: ARENM – revisions to our estimates

	New				Old			% Change		
	FY25F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Revenues (INR m)	124,049	133,450	147,097	161,368	134,585	148,184	162,517	(0.8)	(0.7)	(0.7)
EBITDA (INR m)	16,291	15,238	18,139	20,604	16,517	19,949	21,773	(7.7)	(9.1)	(5.4)
EBITDA Margin (%)	13.1%	11.4%	12.3%	12.8%	12.3%	13.5%	13.4%	(85) bps	(113) bps	(63) bps
PAT (INR m)	8,528	7,566	9,309	11,072	8,472	10,667	11,984	(10.7)	(12.7)	(7.6)
Adj EPS (INR)	46.6	41.3	50.9	60.5	46.3	58.3	65.5	(10.7)	(12.7)	(7.6)

Source: Nomura estimates

Fig. 9: ARENM – Nomura vs consensus estimates

INR mn	Nomura				Consensus			% difference		
	FY25	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Revenues	124,049	133,450	147,097	161,368	134,629	146,620	159,615	(0.9)	0.3	1.1
EBITDA	16,291	15,238	18,139	20,604	16,465	19,313	21,521	(7.5)	(6.1)	(4.3)
EBITDA Margin (%)	13.1%	11.4%	12.3%	12.8%	12.2%	13.2%	13.5%	(0.8)	(0.8)	(0.7)
PAT	8,528	7,566	9,309	11,072	8,628	10,207	11,411	(12.3)	(8.8)	(3.0)
EPS	46.6	41.3	50.9	60.5	50.5	59.8	66.8	(18.2)	(14.9)	(9.4)

Source: Bloomberg Finance L.P. consensus, Nomura estimates

Fig. 10: ARENM – valuation methodology

Valuation parameter	INR
FY 28F EPS	60.5
Target PE (x)	15.0
Value/share	908
Li-ion capex (0.5x FY28F P/BV)	34
Target Price	942

Source: Nomura estimates

Fig. 11: ARENM – P/E band

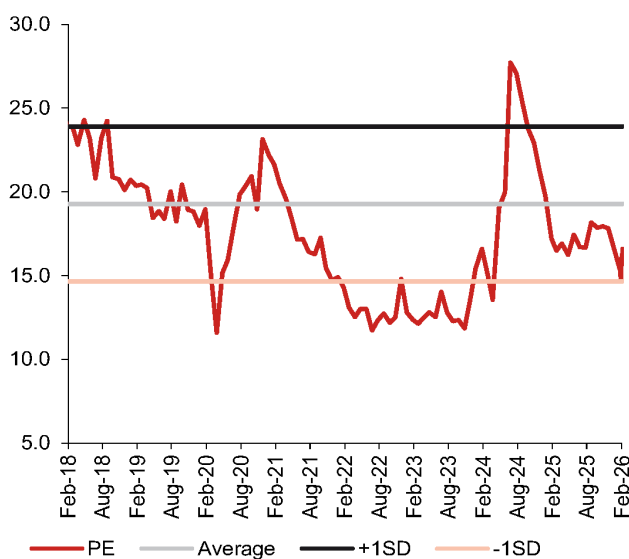
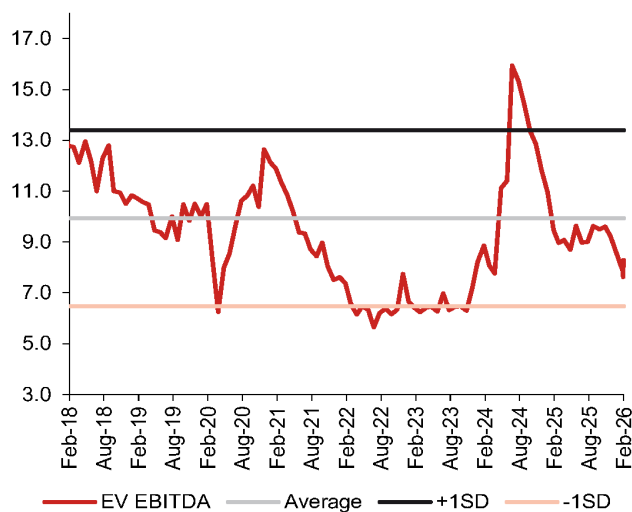


Fig. 12: ARENM – EV-EBITDA band



Source: Bloomberg Finance L.P., Nomura research

Source: Bloomberg Finance L.P., Nomura research

Fig. 13: Auto ancillaries – peer valuation comparison table

Company	Ticker	Mkt Cap (\$mn)	Rating	CMP INR	FY26-28F CAGR			EPS		P/E		EV-EBITDA		EV/Sales		ROE		FCF Yield		Core EPS		Core P/E	
					Revenue	EBITDA	EPS	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F	FY27F	FY28F
Ancillaries																							
Balkrishna	BIL IN	5,624	Neutral	2,635	17%	19%	25%	96.2	111.0	27.4	23.7	19.9	16.1	4.1	3.5	15.2	15.5	0.4%	1.9%				
Uno Minda	UNOMINDA IN	7,951	Buy	1,248	21%	20%	24%	26.8	33.6	46.5	37.1	24.0	19.9	3.1	2.6	21.9	23.6	0.9%	1.5%				
Exide*	EXID IN	3,173	Buy	338	10%	18%	16%	16.9	19.8	19.9	17.2	8.1	6.9	1.5	1.3	9.0	9.6	4.8%	5.7%				
Samvardhana Motherson	MOTHERSON IN	15,488	Buy	133	13%	16%	32%	5.5	6.9	24.0	19.2	8.2	7.1	1.0	0.9	14.7	16.3	4.4%	5.4%				
Motherson Sumi Wiring	MSUMI IN	3,168	Buy	43	15%	23%	27%	1.5	1.8	28.7	24.2	23.8	18.2	2.2	1.9	45.7	45.1	3.0%	3.6%				
Apollo Tyres	APTY IN	3,497	Neutral	499	8%	12%	17%	34.3	38.8	14.5	12.9	7.1	6.3	1.1	1.0	13.3	13.6	1.5%	3.2%				
Bharat Forge	BHFC IN	9,115	Neutral	1,727	15%	23%	33%	42.7	52.6	40.4	26.6	18.8	15.7	4.4	3.9	18.9	20.9	0.9%	1.9%				
Amara Raja	ARENM IN	1,741	Neutral	861	10%	16%	21%	50.9	60.5	16.9	14.2	8.6	7.3	1.1	1.0	11.2	12.1	6.4%	7.7%				
CEAT Tyres	CEAT IN	1,778	Buy	3,982	13%	20%	29%	237.8	278.5	16.7	14.3	9.2	7.7	1.1	1.0	18.5	18.9	3.1%	4.0%				
Sona BLW Precision Forgings	SONACOMS IN	3,658	Buy	533	17%	19%	18%	12.3	14.8	43.4	36.1	28.5	24.7	6.2	5.3	12.4	14.3	0.5%	5.6%				
Sansera	SANSERA IN	1,529	Buy	2,225	8%	20%	26%	60.4	74.3	36.8	30.0	13.1	10.9	3.5	3.5	11.8	12.9	0.9%	1.6%				

Note: Share prices as on 12 February 2026.

* indicated valuation adjusted for subsidiaries

Source: Bloomberg Finance L.P., Nomura estimates

Appendix A-1

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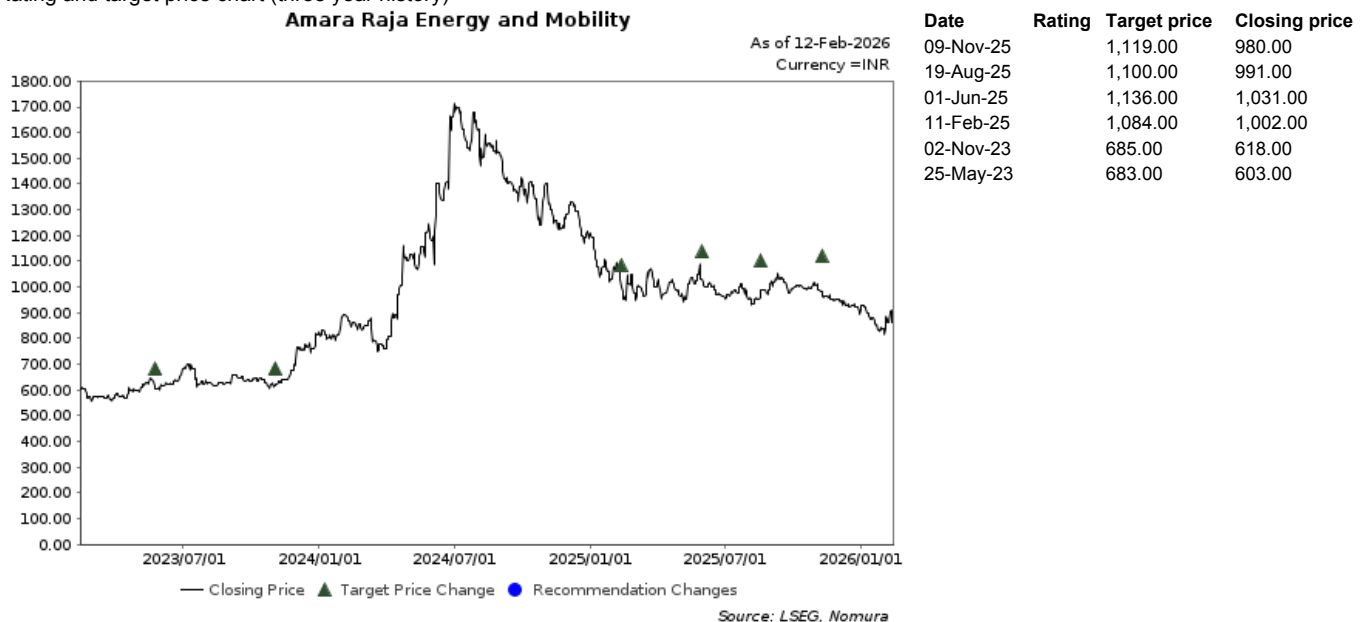
Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Amara Raja Energy and Mobility	ARENM IN	INR 861	12-Feb-2026	Neutral	N/A	
Sona BLW Precision Forgings	SONACOMS IN	INR 533	12-Feb-2026	Buy	N/A	A4,A5,A6
Uno Minda	UNOMINDA IN	INR 1,248	12-Feb-2026	Buy	N/A	A4

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Amara Raja Energy and Mobility (ARENM IN)

INR 861 (12-Feb-2026) Neutral (Sector rating: N/A)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We maintain our target P/E at 15x, and roll forward valuation to FY28F, and add INR 34 for Li-ion cell capex (0.5x FY28F BV). We arrive at a TP of 942. The benchmark index for the stock is the Nifty 50.

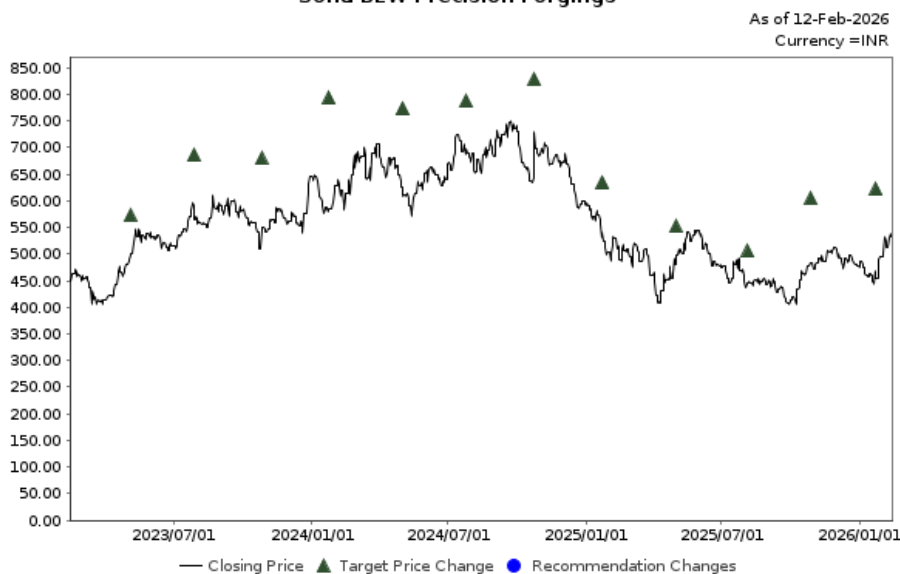
Risks that may impede the achievement of the target price Upside risk: More order wins by ARENM with OEMs will have a positive impact on the business. Downside risk: Consistent increase in the lead prices will impact the margins negatively. Rapid change in technology with change in the cell chemistry will also impact the business negatively. Increase in competitive intensity from the neighbouring countries can also hurt the business.

Sona BLW Precision Forgings (SONACOMS IN)

INR 533 (12-Feb-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)

Sona BLW Precision Forgings



Date	Rating	Target price	Closing price
23-Jan-26		623.00	456.00
28-Oct-25		605.00	484.00
05-Aug-25		506.00	447.00
01-May-25		552.00	481.00
23-Jan-25		636.00	543.00
24-Oct-24		829.00	729.00
25-Jul-24		788.00	698.00
01-May-24		775.00	625.00
24-Jan-24		794.00	586.00
26-Oct-23		680.00	546.00
28-Jul-23		687.00	565.00
04-May-23		573.00	498.00

As of 12-Feb-2026
Currency = INR
Source: LSEG, Nomura

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of INR623 is based on 42x PE on avg FY28F EPS, which is in the middle of our expected trading band of 35-50x. The benchmark index for the stock is Nifty 50.

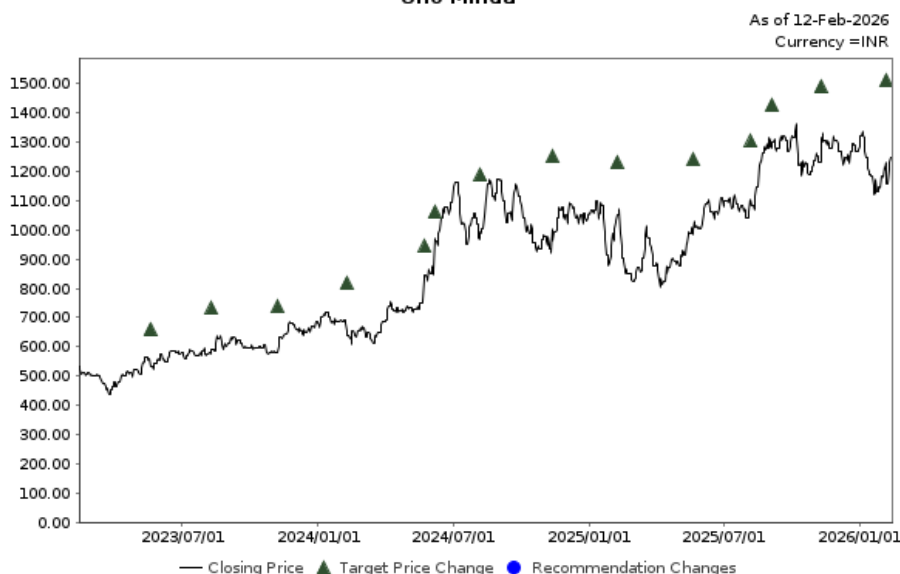
Risks that may impede the achievement of the target price Key downside risks: Weak performance of automotive sector globally could impact Sona adversely as it derives ~55% of its revenues from outside India. BEVs accounted for ~36% of Sona's revenues as of FY25 and any decline in the trend towards electrification due to rapidly changing technologies are risks to future growth.

Uno Minda (UNOMINDA IN)

INR 1,248 (12-Feb-2026) Buy (Sector rating: N/A)

Rating and target price chart (three year history)

Uno Minda



Date	Rating	Target price	Closing price
05-Feb-26		1,513.00	1,231.00
09-Nov-25		1,493.00	1,230.00
04-Sep-25		1,430.00	1,279.00
07-Aug-25		1,304.00	1,107.00
21-May-25		1,242.00	999.00
07-Feb-25		1,233.00	1,053.00
12-Nov-24		1,252.00	1,003.00
07-Aug-24		1,190.00	992.00
06-Jun-24		1,063.00	974.00
24-May-24		945.00	846.00
08-Feb-24		820.00	653.00
07-Nov-23		737.00	583.00
10-Aug-23		732.00	590.00
19-May-23		662.00	533.00

As of 12-Feb-2026
Currency = INR
Source: LSEG, Nomura

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value UNOMINDA at 45x FY28F EPS to arrive at our TP of INR1,513. The benchmark index for the stock is Nifty 50

Risks that may impede the achievement of the target price Downside Risks 1) a split in JVs or technology partners: UNOMINDA has a successful history of JVs and tie-ups with technology partners and conducts a significant part of its business through them. Any split with its technology partners can have a negative impact on its profits. 2) Limited success in new businesses: UNOMINDA is expanding significantly in sensors, actuators and controllers segment which is dominated by global players. The weak performance of its products and limited acceptance by OEs can lead to downside risk to our estimates.

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