



**AMARA RAJA**

Gotta be a better way

**Amara Raja Batteries Ltd (AMRJ)**

## Background & Business

AMRJ is 2nd largest automotive battery manufacturer & largest supplier of industrial storage batteries in India. It was formed as a JV between Galla family and global battery major – Johnson Controls (JCI) with both owning 26% each. The partnership with JCI lent the business with critical technology advantage. However, on April 3, 2019 the termination of shareholder agreement, as well as technical assistance, license and other agreements with Johnson Controls International (JCI) was announced.

## Exit Rationale

The company has been facing intense competition in the telecom battery sub-segment rendering inability to take price hikes and, hence impacting margins. Also there are lack of triggers both from lackluster auto sales pressure in industrial segment and the sentiment dampener post agreement termination with JCI are likely to keep near-term upside under pressure.

## Outlook as on EXIT date

As on the exit date, whether the 24% stake will be held by JCI or sold and to whom was the biggest question mark. While from a business/operating level point of view this should not have any material impact but given the quantum of stake (24%) it will certainly be of significance from a management ownership point of view and could impact the multiples in either direction, depending on the final ownership profile.

**From** : 10-03-2014  
**To** : 06-05-2019  
**Performance** : 76%  
**Recommendation** : CLOSED



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