PRIMAEGIS RESEARCH · INVESTMENT ANALYSIS PIPELINE

Automotive Axles Ltd

NSE: AUTOAXLES | BSE: 505010 | Small Cap — Auto Components · Tier-1 CV Supplier

Near Debt-Free | ROCE 22.3% | 5Y PAT CAGR 29.7% | Kalyani Group JV | CV Cycle Risk

Report: Apr 2026

CMP (02 Apr 2026)

₹1,659

▲ +2.19% | Mkt Cap ₹2,507 Cr

52W: ₹1,520 – ₹2,126

PART A

Fundamentals — Earnings, Growth Triggers & Positioning

MARKET CAP	ROCE	ROE	P/E RATIO
₹2,507	22.3%	16.6%	15.2x
Crores	FY2025	FY2025	TTM

BOOK VALUE	DIV. YIELD	FROM 52W HIGH	DEBT/EQUITY
₹666	1.84%	-22%	<0.02
P/B: 2.49x	~29.5% payout	High: ₹2,126	Near Zero Debt

A1 · ABOUT + VALUE CHAIN POSITION + SCALE

COMPANY PROFILE

Automotive Axles Ltd (AAL), established in **1981**, is a joint venture between the **Kalyani Group** (35.5%) and **Meritor Inc., USA** (35.5%). The company manufactures and supplies drive axles, non-drive axles, front steer axles, and brake systems for M&HCVs, LCVs, defence, and off-highway vehicles.

AAL holds the distinction of being **India's largest independent axle manufacturer** and the **2nd-largest brake manufacturer** — a dominant Tier-1 position in the commercial vehicle ecosystem.

Tier-1 Supplier | JV: Kalyani + Meritor | Est. 1981 | BSE: 505010

VALUE CHAIN POSITION (EIC FRAMEWORK)

Steel / Raw Mat. → **AAL · Axles & Brakes (Tier-1)** → OEM (AL, Tata, Daimler) → Dealer/Fleet → End User

DIMENSION	STATUS
Industry Position	#1 Axle Mfg India
Supply Nature	Critical / Non-substitutable short term
Scalability	Moderate — CV cycle tied
Moat Type	Certification, JV tech, OEM relationships
Company Quality	High — ROCE >22%, zero debt

A2 · CAPABILITIES + STRATEGY

PRODUCT PORTFOLIO

- **Drive Axles**
  M&HCV primary revenue driver; strongest OEM relationships
- **Brake Systems**
  Drum & disc brakes; #2 market position in India
- **Defence / Off-highway Axles**
  Strategic growth segment; government contract potential
- **EV-Ready Axle Assembly**
  Prototype stage with select OEMs; infrastructure ready

STRATEGIC PRIORITIES

- **Customer Diversification**
  March 2025 binding MOU — Meritor HVS customer transfer to AAL, reducing AL concentration
- **Capacity Expansion**
  New EV-ready assembly facility at Mysore; 25% production capacity addition
- **Export / Global Supply**
  Leveraging Meritor's global network for export opportunities

KEY CUSTOMERS

CUSTOMER	SEGMENT	CONCENTRATION
Ashok Leyland	M&HCV	~50-60%
Daimler India	HCV	Medium
Tata Motors	M&HCV	Small
Mahindra & M	LCV/MCV	Small
Volvo Eicher	HCV	Small

A3 · OPPORTUNITY — WHY NOW?

STRUCTURAL OPPORTUNITY DRIVERS

- **India CV Industry Recovery**
  Post FY2025 trough, M&HCV demand expected to recover on infrastructure capex cycle, freight recovery, and fleet renewal
- **Meritor HVS Customer Transfer (Mar 2025)**
  Binding MOU to transfer select customers directly to AAL — immediate revenue upside as capacity utilisation improves
- **Defence & Off-Highway Expansion**
  AAL already supplies defence axles; India's defence indigenisation push (Atmanirbhar) creates order pipeline visibility
- **EV CV Transition (3–7 yr horizon)**
  EV-ready axle facility positions AAL ahead of electric CV adoption; prototype partnerships in place

OPPORTUNITY SIZING & TIMEFRAME

THEME	TIMEFRAME	UPSIDE LEVER
CV Cycle Recovery	6–18 months	Revenue back to FY23 peak ₹2,324 Cr
Customer Diversification	12–24 months	Reduce AL dependency to <40%
Defence Axles	2–4 years	New contract wins possible
EV Axle Platform	4–8 years	Technology positioning for future
Capacity Utilisation ↑	Immediate	Margin expansion without capex

CORE THESIS

AAL is a quality compounder at trough earnings. Near-zero debt, 22%+ ROCE, and Meritor partnership make it a high-conviction recovery play on India's CV super-cycle. The key catalyst is the Meritor HVS customer transfer and a broad CV industry recovery from H2 FY26 onwards.

A4 · OPERATIONS + PROJECTS ONGOING / UPCOMING

OPERATIONAL HIGHLIGHTS

🏭 **Mysore Manufacturing Hub**

Primary manufacturing base. New $36.5M EV-ready axle assembly facility operational. 25% capacity expansion completed.

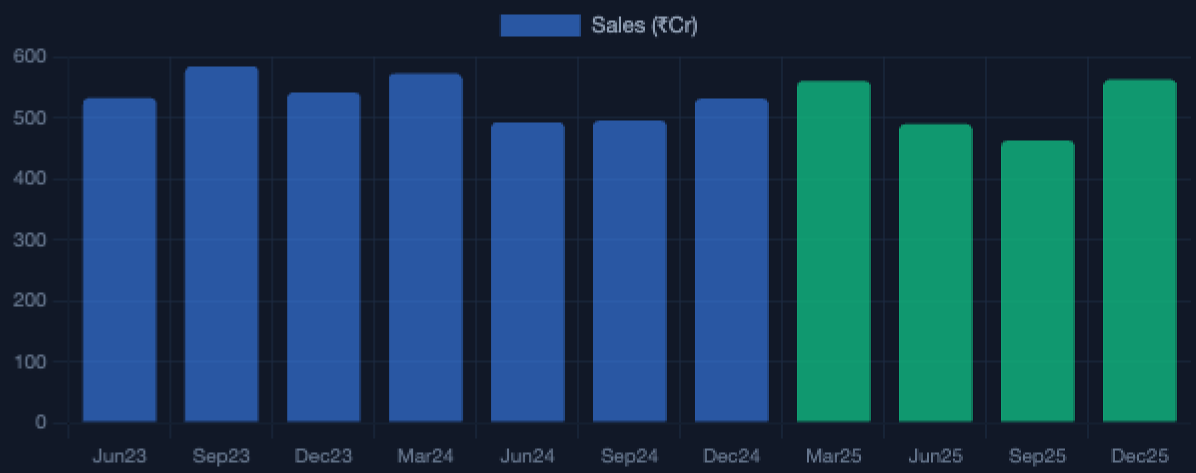
🤝 **Meritor HVS MOU (March 2025)**

Binding agreement to transfer select OEM customers from Meritor HVS to AAL. Direct revenue uplift and diversification catalyst.

⚡ **EV Prototype Programs**

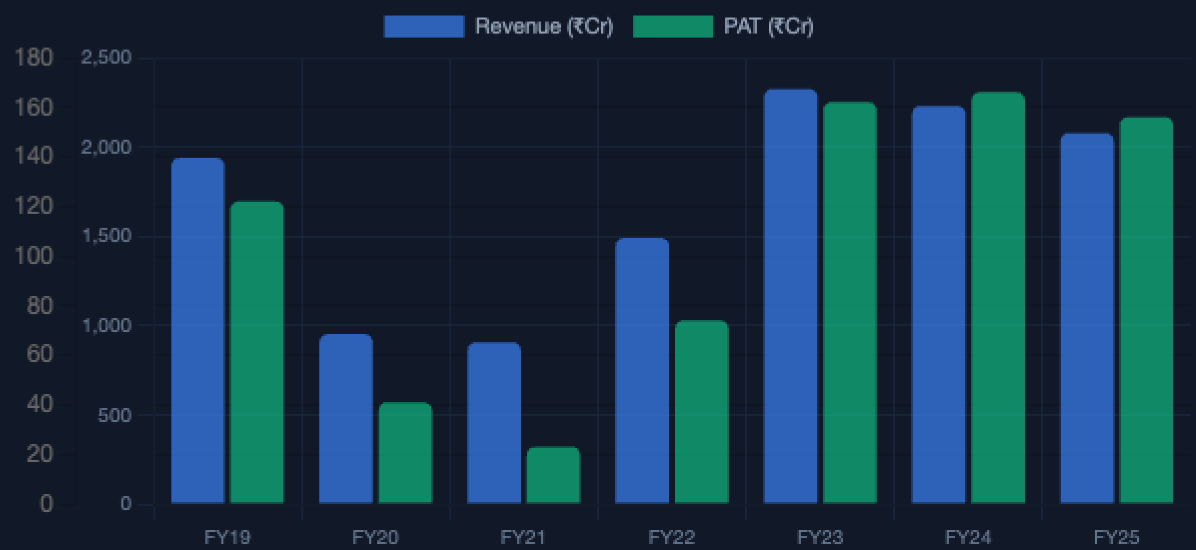
Active EV axle development with multiple OEM partners. Not yet economically viable at scale — medium-term positioning.

QUARTERLY REVENUE TREND

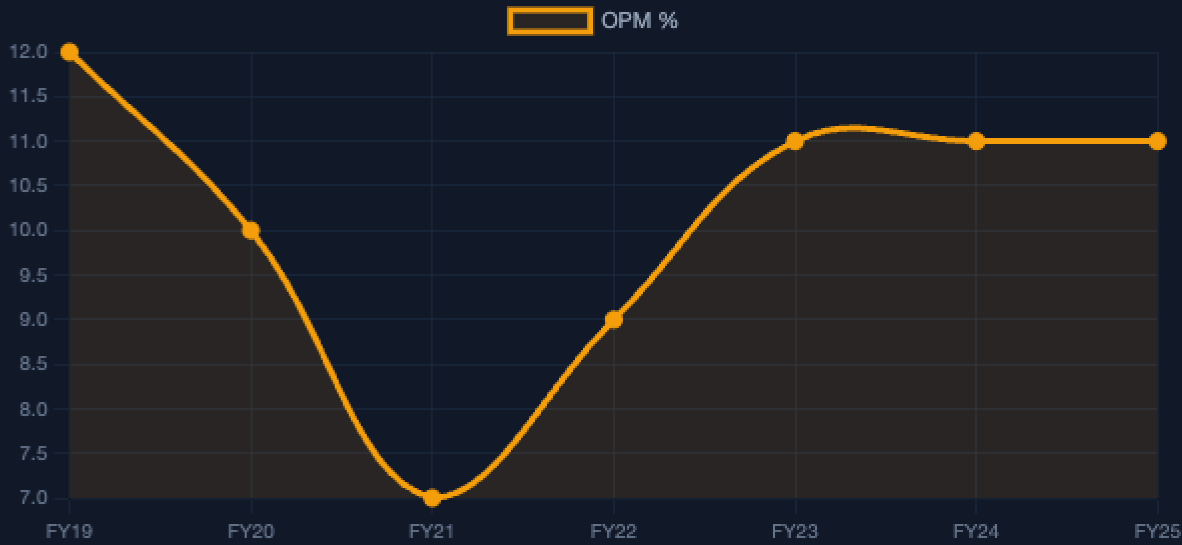


A5 · FINANCIALS + GROWTH

ANNUAL REVENUE & PAT (₹ CR)



EBITDA MARGIN % (ANNUAL)



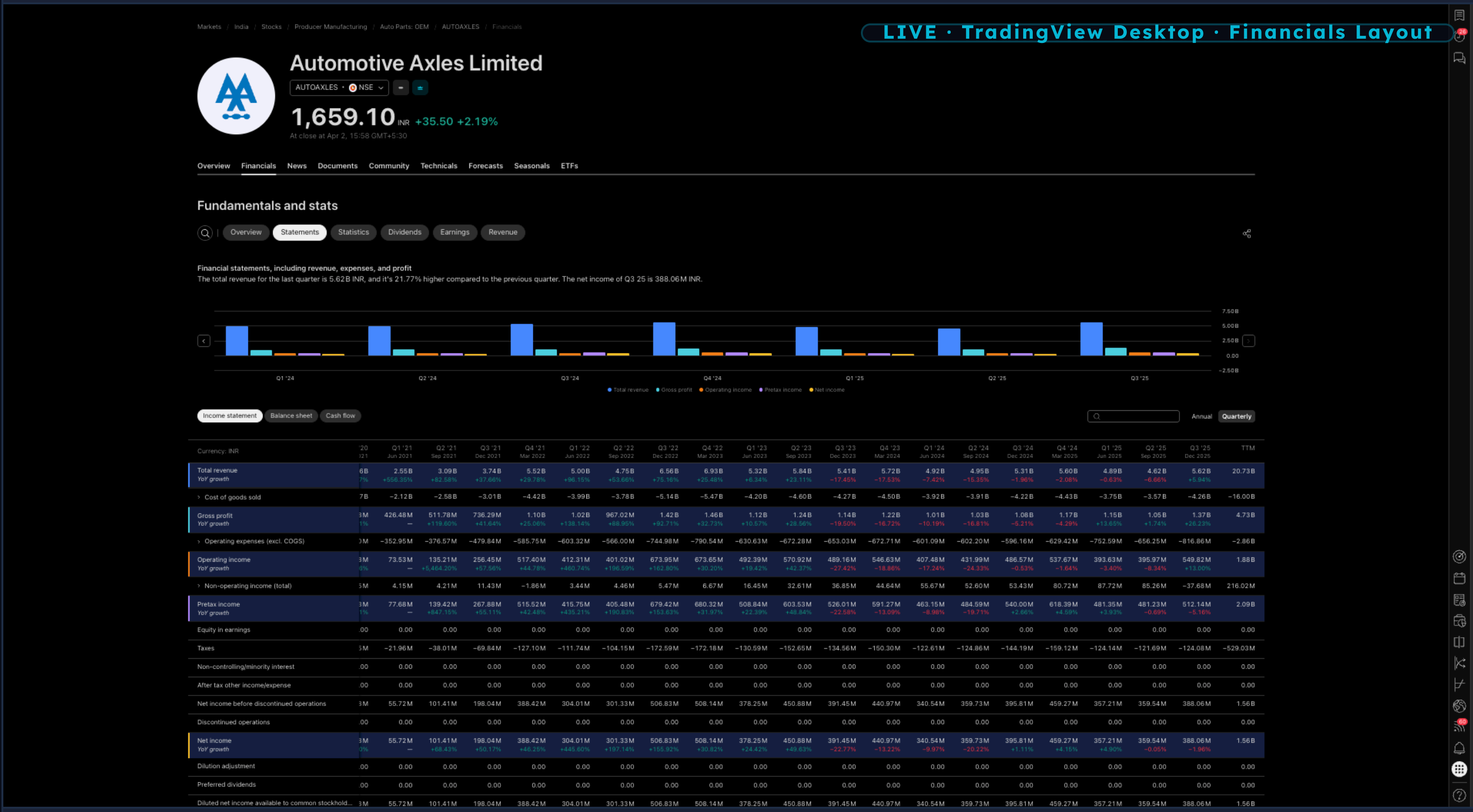
PROFIT & LOSS STATEMENT — ANNUAL (₹ CRORES)

METRIC	FY19	FY20	FY21	FY22	FY23	FY24	FY25	TTM
Revenue	1,939	952	906	1,491	2,324	2,229	2,078	2,073
YoY Growth	+27.5%	-50.9%	-4.8%	+64.6%	+55.9%	-4.1%	-6.8%	—
Operating Profit	229	93	66	135	257	246	220	223
OPM %	12%	10%	7%	9%	11%	11%	11%	11%
Other Income	3	6	3	4	5	16	27	23
Interest	1	2	3	2	3	3	3	2
Depreciation	46	37	36	36	41	36	34	35
PBT	185	60	30	100	218	223	211	209
Net Profit (PAT)	**122**	**41**	**23**	**74**	**162**	**166**	**156**	**156**
EPS (₹)	80.43	27.22	15.04	49.21	107.22	109.95	102.92	103.50
Div. Payout %	24%	25%	30%	30%	30%	29%	30%	—

A5B · TRADINGVIEW FUNDAMENTALS LAYOUT — INCOME / BALANCE SHEET / CASH FLOW / STATISTICS

FINANCIALS · NSE:AUTOAXLES Income Statement · Balance Sheet · Cash Flow · Statistics

TradingView Live · Fundamentals Layout · Annual / Quarterly



📌 **How to read:** Switch between Annual / Quarterly tabs within the widget. Navigate Income Statement → Balance Sheet → Cash Flow → Statistics tabs. Use alongside Primaegis financial tables above for cross-validation.

A5C · TRADINGVIEW FUNDAMENTALS LAYOUT TAB — METRICS · SCORES · FINANCIAL SIGNALS

FUNDAMENTALS LAYOUT · NSE:AUTOAXLES

Left Panel Metrics · Financial Table · Signals & Scores

TradingView Desktop · Fundamentals Tab · Live Capture

📊 **Left Panel** — Live metrics: P/E, EPS, Revenue, Margins, Dividends, Beta

📋 **Financial Table** — Annual Income Statement, Balance Sheet, Cash Flow overlay

🎯 **Signals Panel** — Analyst scores, relative strength metrics, sector comparisons

A6 · REGULATORY CHANGES & IMPACT

BS-VI PHASE 2 (APR 2023)

Stricter emission norms drove pre-buying and then demand normalisation. Axle content per vehicle increases with BS-VI Phase 2 as heavier systems required. Net positive for AAL's revenue per unit.

Net Positive

PLI SCHEME — AUTO & COMPONENTS

Government PLI for auto components incentivises domestic manufacturing. AAL's established manufacturing base positions it to benefit from OEM supply localisation mandates, particularly as global OEMs source locally.

Positive

EV POLICY & FAME III

FAME III subsidy focus on commercial EVs may accelerate e-bus adoption faster than expected. AAL's EV-ready facility mitigates technology transition risk, but near-term cannibalisation is low — ICE CVs dominate for 5+ years.

Neutral — Monitoring

A7 · RESEARCH REPORTS & DATA MIX

SCREENER.IN — PROS & CONS (LIVE DATA)

✅ STRENGTHS (SCREENER PROS)

- ▲ Company has reduced debt significantly over 10 years
- ▲ Near debt-free status — financial resilience
- ▲ 29.7% PAT CAGR over last 5 years
- ▲ Healthy dividend payout maintained at ~29.5%
- ▲ ROCE consistently above 20% — capital-efficient model
- ▲ Fortress balance sheet — equity grew ₹539 Cr → ₹991 Cr (FY21–H1FY26)

⚠ CONCERNS (ANALYST VIEW)

- ▼ Revenue contracted from FY23 peak ₹2,324 Cr — two consecutive declining years
- ▼ Ashok Leyland ~50-60% revenue concentration — single-customer risk
- ▼ CV industry cyclicality creates earnings volatility
- ▼ EV transition timeline uncertainty — technology disruption risk
- ▼ Minimal FII interest (0.68%) — low global institutional visibility
- ▼ Working capital days elevated at 111 days

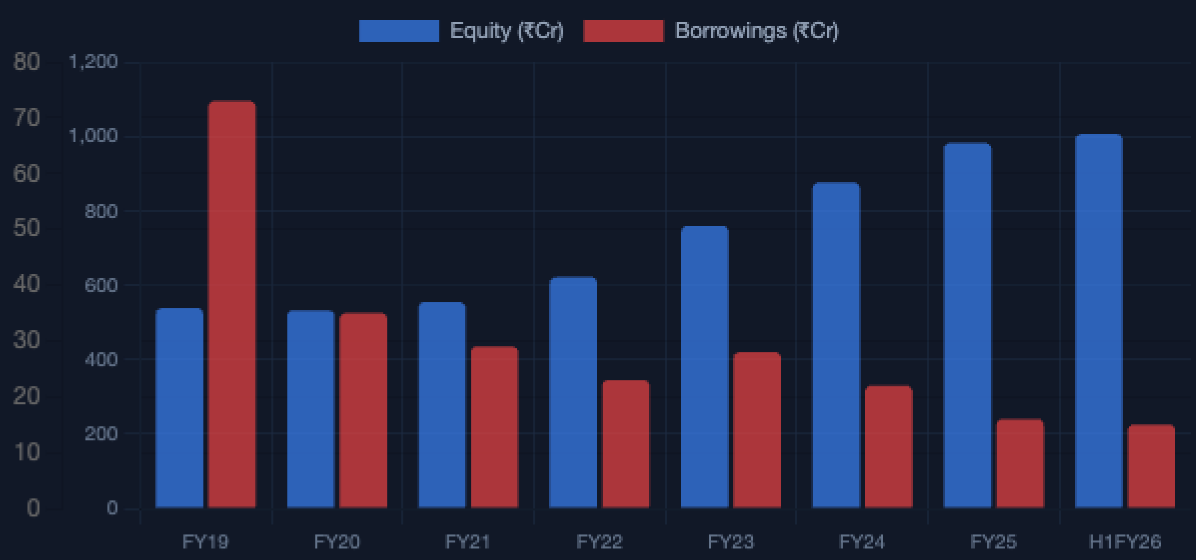
A8 · BALANCE SHEET + CASH FLOWS [FRAUD FILTER]

BALANCE SHEET (₹ CRORES)

ITEM	FY21	FY22	FY23	FY24	FY25	H1FY26
Equity Capital	15	15	15	15	15	15
Reserves	**539**	**606**	**744**	**861**	**967**	**991**
Borrowings	**29**	**23**	**28**	**22**	**16**	**15**
Other Liabilities	364	401	369	332	360	307

ITEM	FY21	FY22	FY23	FY24	FY25	H1FY26
Total Liabilities	947	1,045	1,157	1,230	1,357	1,328
Fixed Assets	245	259	245	227	200	186
CWIP	32	3	6	6	7	17
Investments	12	17	0	21	77	164
Other Assets	658	766	905	976	1,073	961

DEBT REDUCTION TRAJECTORY & EQUITY BUILD



FRAUD FILTER — ALL GREEN ✅

✅ Debt ↓ ₹92 Cr → ₹15 Cr over 10 years (consistent reduction)
✅ Equity ↑ steadily — no unexplained dilution
✅ Investments ↑ ₹77 Cr → ₹164 Cr — cash being productively deployed
✅ Fixed assets depreciating naturally — no asset bloat
✅ Other assets growing in line with business — no suspicious receivables jump
✅ Dividend payout consistent at 29-30% — earnings quality confirmed

CASH FLOW STATEMENT (₹ CRORES)

YEAR	OPERATING CF	INVESTING CF	FINANCING CF	FREE CF	CFO/OP%
FY2019	106	-157	47	-46	77%
FY2020	198	-59	-105	136	228%
FY2021	49	-40	-10	14	88%

YEAR	OPERATING CF	INVESTING CF	FINANCING CF	FREE CF	CFO/OP%
FY2022	43	-27	-15	21	49%
FY2023	52	-84	-31	36	41%
FY2024	**260**	**-182**	**-56**	**241**	**129%**
FY2025	**128**	**-94**	**-59**	**115**	**82%**

FY24 FCF ₹241 Cr = exceptional

FY25 FCF ₹115 Cr = healthy normalisation

Consistent positive CFO confirms earnings quality

A9 · P&L — QUARTERLY GRANULARITY

QUARTERLY RESULTS — RECENT 8 QUARTERS (₹ CRORES)

QUARTER	SALES	OP. PROFIT	OPM%	PBT	PAT	EPS (₹)
Jun 2023	532	59	11%	51	38	25.03
Sep 2023	584	66	11%	60	45	29.84
Dec 2023	541	58	11%	53	39	25.91
Mar 2024	572	64	11%	59	44	29.18
Jun 2024	492	49	10%	46	34	22.53
Sep 2024	495	51	10%	48	36	23.80
Dec 2024	531	57	11%	54	40	26.19
Mar 2025 ▲	**560**	**63**	**11%**	**62**	**46**	**30.39**
Jun 2025	489	48	10%	48	36	23.64
Sep 2025	462	48	10%	48	36	23.79
Dec 2025 (Latest)	**562**	**64**	**11%**	**51**	**39**	**25.68**

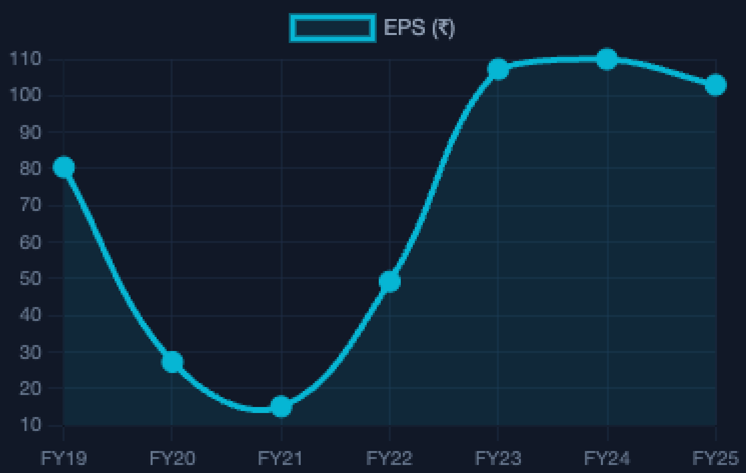
▲ Mar 2025 showing recovery momentum. Dec 2025: Sales ₹562 Cr — sequential recovery from Sep 2025 trough of ₹462 Cr. OPM holding at 11%.

A10 · VALUATIONS

CURRENT VALUATION MATRIX

METRIC	VALUE	VIEW
P/E (TTM)	15.2x	Reasonable
P/B Ratio	2.49x	Fair
EV/EBITDA	~9.7x	Attractive
Div. Yield	1.84%	Decent
Market Cap	₹2,507 Cr	Small Cap
P/E vs Sector	~15x vs 20x+	Discount

EPS TRAJECTORY (₹)



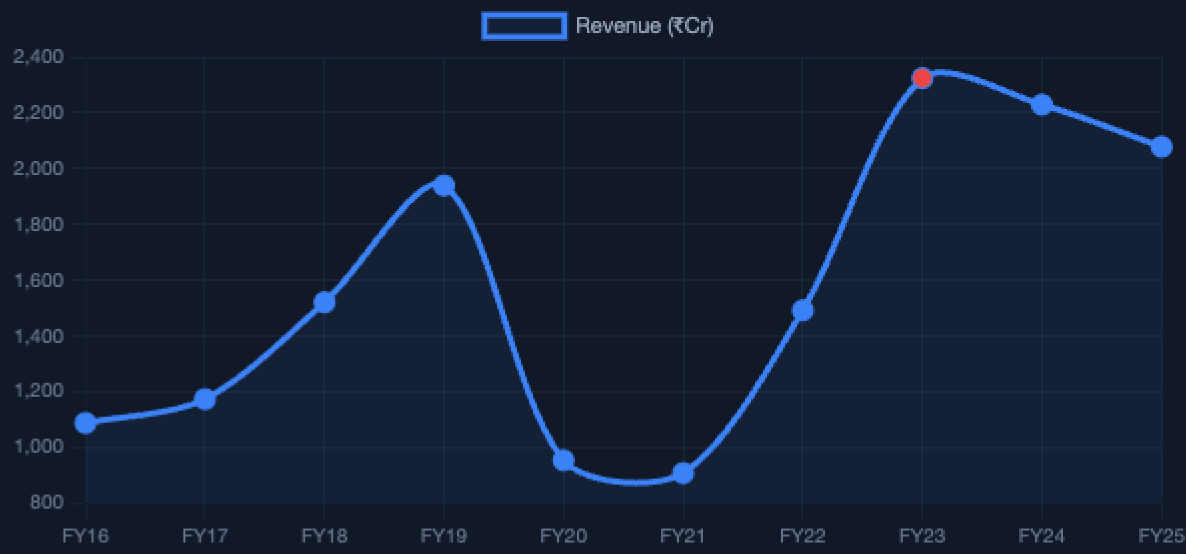
VALUATION SCENARIO ANALYSIS

SCENARIO	EPS ASSUMP.	P/E	TARGET ₹
Bear CV Weak	₹90	12x	₹1,080
Base Recovery	₹115	15x	₹1,725
Bull FY23 Repeat	₹140	18x	₹2,520

Base case assumes modest CV recovery and Meritor HVS customer transfer materialising by H2 FY26.

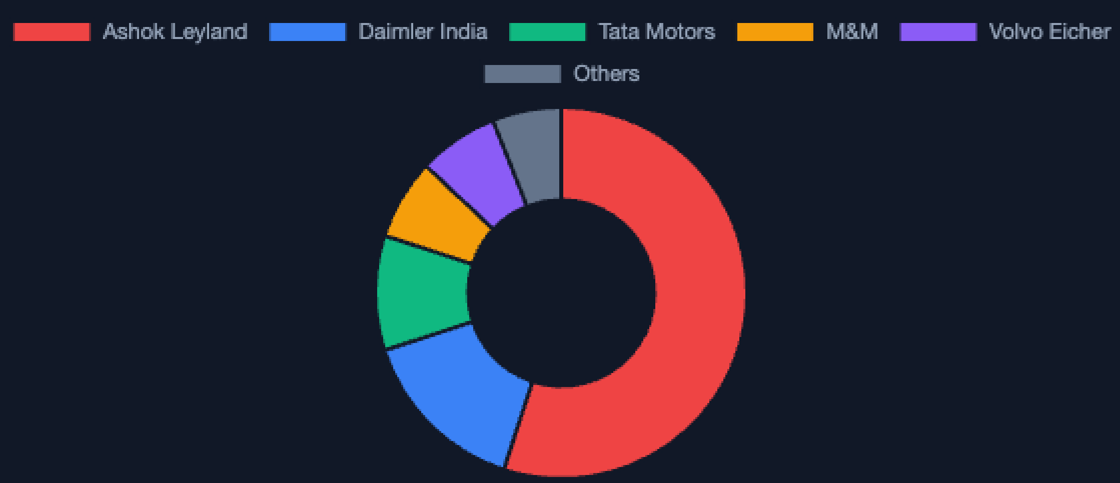
A11 · ORDER / REVENUE BOOK TRACKER

ANNUAL REVENUE TREND — GROWING OR FALLING?



Peak FY2023 (₹2,324 Cr) followed by contraction. Q4FY25 and Q3FY26 showing sequential recovery signals. Key watch: FY26 full year to determine inflection.

REVENUE CONCENTRATION RISK



⚠ Critical Risk Ashok Leyland historically 50-60% of revenues. Meritor HVS MOU (Mar 2025) is the key diversification catalyst to monitor.

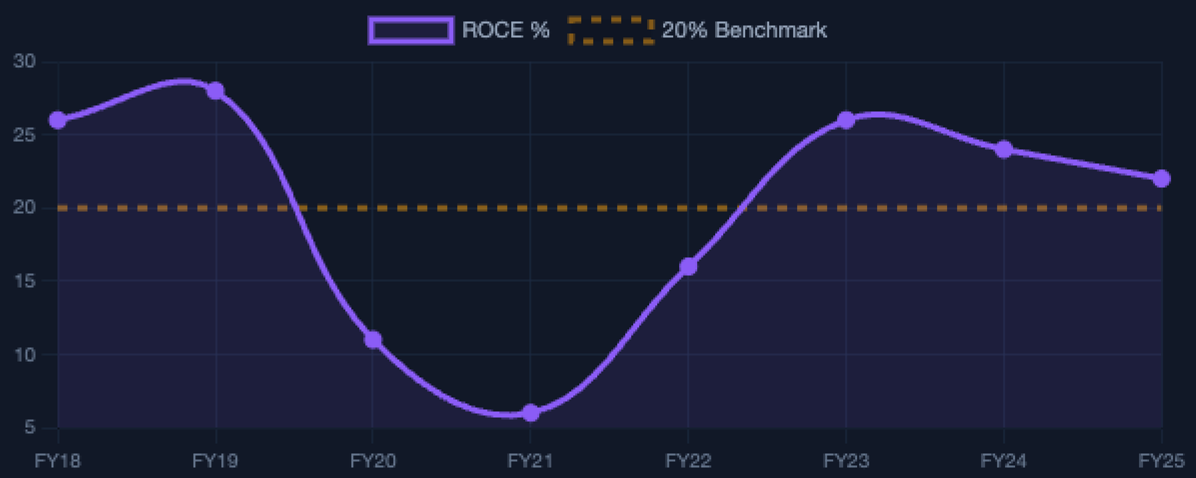
A12 · TRACK RECORD + MANAGEMENT QUALITY

MANAGEMENT ASSESSMENT

PARAMETER	ASSESSMENT	RATING
Capital Allocation	Debt ↓ ₹92→₹15 Cr; equity compounding	A
Dividend Consistency	29-30% payout maintained across cycles	A

Strategic Foresight	EV-ready capex; Meritor HVS MOU	B+
Customer Diversification	Still heavily AL-concentrated; improving	B-
Promoter Commitment	71.04% holding — rock-solid, no dilution	A

HISTORICAL ROCE — MANAGEMENT QUALITY PROXY



ROCE consistently >20% (ex-COVID trough) signals high-quality capital allocation by management. 10-year track record of margin discipline.

A13 · ISSUES & RISKS

⚠️ **Customer Concentration — CRITICAL** HIGH

Ashok Leyland historically 50-60% of revenues. Any demand shock to AL directly impacts AAL's top line. Meritor HVS MOU is the key mitigation in progress.

🔄 **CV Industry Cyclicality** HIGH

Revenue swung from ₹1,939 Cr (FY19) → ₹906 Cr (FY21) → ₹2,324 Cr (FY23) → ₹2,078 Cr (FY25). Earnings volatility is structural.

⚡ **EV Transition Risk** MEDIUM

Electric commercial vehicles require fundamentally different axle architecture. AAL has EV-ready facility but timing of widespread EV CV adoption remains uncertain (5-10 year horizon).

💰 **Working Capital Intensity** MEDIUM

Debtor days 77, inventory days 57, CCC 59 days, working capital days 111. Customer concentration amplifies working capital risk — AL delays impact AAL disproportionately.

🌍 **Low FII Interest** LOW-MED

FII holding at 0.68% (Dec 2025). Low international investor awareness limits re-rating potential. DII steadily accumulating (13.53% → 14.57%) is a positive signal.

🔧 **Raw Material Volatility** LOW-MED

Steel and alloy prices impact margins. Strong OEM relationships allow partial pass-through, limiting margin compression risk.

A14 · KEY MILESTONES / METRICS TO TRACK [IMPORTANT]

PRIORITY METRICS DASHBOARD

METRIC	CURRENT	WATCH LEVEL	SIGNAL
Revenue (Annual)	₹2,078 Cr	>₹2,200 Cr	Recovery Confirmed
AL Revenue %	~50-60%	<40%	Diversification
EBITDA Margin	11%	>12%	Expansion
ROCE	22.3%	Must stay >18%	Currently Healthy
Debt	₹15-16 Cr	Remain <₹50 Cr	Fine
DII Holding	14.57%	↑ = Smart money in	Accumulating ↑
FCF / PAT	~74%	Must stay >50%	Healthy

CATALYSTS & MILESTONES TO MONITOR

- **Meritor HVS Customer Transfer — Execution**
  March 2025 MOU signed. Watch for revenue materialisation in Q1-Q2 FY27. This is the #1 catalyst.
- **India M&HCV Industry Volume Data (Monthly)**
  SIAM monthly CV data — uptick above 30,000 units/month signals AAL revenue acceleration
- **FY26 Full Year Results (May 2026)**
  Confirm whether recovery trajectory holds. Revenue >₹2,200 Cr = strong buy signal.
- **Defence Axle Contract Announcements**
  Any MoD contract win for defence axles = significant re-rating catalyst given better margins

- **EV Axle Commercialisation**
  First commercial EV axle supply = technology de-risking signal for long-term thesis

A15 · OWNERSHIP — PROMOTERS / FII / DII PATTERN & SMART MONEY

SHAREHOLDING PATTERN (DEC 2025 — LATEST)

Promoters 71.04% DII 14.57% FII 0.68% Public 13.71%

Total shareholders: **25,817** (Dec 2025)

CATEGORY	MAR23	MAR24	MAR25	SEP25	DEC25	TREND
Promoters	71.04	71.04	71.04	71.04	71.04	Stable
FII	0.73	0.51	0.54	0.71	0.68	Flat/Low
DII	13.53	11.97	13.53	14.17	14.57	Accumulating ↑
Public	14.71	16.49	14.89	14.08	13.71	Declining

SMART MONEY ANALYSIS

DII ACCUMULATING — POSITIVE SIGNAL ✅

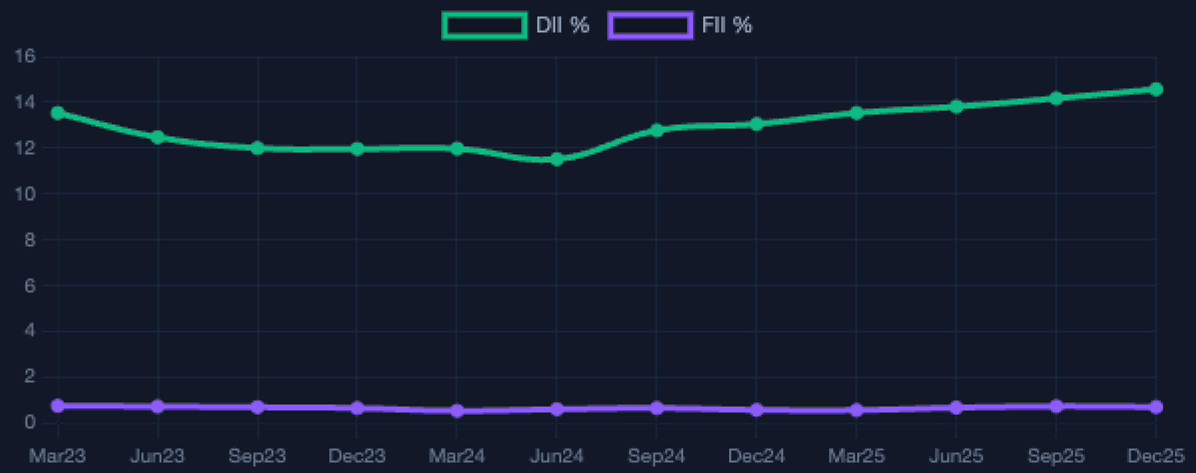
DII holding has risen from 11.97% (Mar 2024 low) to 14.57% (Dec 2025) — a 260 bps increase over 6 quarters. Domestic mutual funds and insurance companies building positions at current levels.

FII ABSENT — CAUTION ⚠️

FII at just 0.68% — minimal international institutional interest. Low global visibility. This limits re-rating potential from foreign fund inflows but also means less foreign selling risk.

PROMOTER HOLDING — ROCK SOLID ✅

71.04% promoter holding unchanged for 3+ years. No pledge, no dilution. Kalyani Group and Meritor holding firmly — strong conviction signal from insiders.



PART B

Technicals — Price Action, Momentum & Setup Analysis

B0 · STAGE ANALYSIS + SETUP

STAGE CLASSIFICATION

CURRENT STAGE

STAGE 1 BASE / VALUE

Potential Stage 2 setup forming — monitor for breakout

SETUP TYPE	TRIGGER
Base Building	**Breakout Watch**
₹1,520 – ₹1,800 range	Above ₹1,900 on volume

Stock corrected ~22% from ₹2,126 peak. Currently consolidating in ₹1,520-₹1,800 base zone after the decline. Dec 2025 quarterly results showing sequential recovery — potential for Stage 2 re-entry if CV cycle inflects.

B1 · MOMENTUM + VOLUME + PRICE ACTION

CMP
₹1,659
As of 02 Apr 2026

52W HIGH
₹2,126
-22% from peak

52W LOW

MOMENTUM

₹1,520

+9.1% from low

Weak-Neutral

Below prior highs

VOLUME TREND

Low Float

71% promoter held

PRICE ACTION

Basing

Range consolidation

Price Action Summary: After making 52W high of ₹2,126, stock declined in a controlled manner to support at ₹1,520 (52W low). Currently trading at ₹1,659, attempting to build a base above ₹1,500. Dec 2025 earnings recovery (₹562 Cr sales) suggests fundamental support is strengthening.

B2 · KEY LEVELS | B3 · TREND + RELATIVE STRENGTH

PRICE LEVEL MAP

Price Range: ₹1,000 – ₹2,500

Major Resistance	₹2,126 (52W High)
Key Resistance Zone	₹1,900 – ₹2,000
Resistance / Supply Zone	₹1,750 – ₹1,850
CMP — Current Price	**₹1,659**
Support Zone 1	₹1,580 – ₹1,620
Strong Support / 52W Low	₹1,520
Stop / Hard Support	₹1,400

B3 · TREND + RELATIVE STRENGTH

TIMEFRAME	TREND	VS. NIFTY	VS. AUTO INDEX
Short-term (1-3M)	Sideways	Inline	Slight underperform
Medium-term (6M)	Downtrend	Underperform	Underperform
Long-term (1Y)	Neutral	Lagging	Lagging
Fundamental RS	Strong	ROCE >22%	Top quartile

RS Note: Price RS is weak (stock in correction) but fundamental RS is strong (ROCE, zero debt, dividend). This divergence is typical of a basing phase in a quality cyclical. Price RS typically recovers when the earnings cycle turns — watch for relative strength improvement as a confirming signal.

B4 · RISK:REWARD | B5 · ENTRY / EXIT / MILESTONES

R:R FRAMEWORK

ZONE	PRICE	R:R
Ideal Entry	₹1,520–₹1,650	1:3.5
Current (CMP)	₹1,659	1:2.8
Breakout Entry	>₹1,900	1:2.0
Stop Loss	₹1,440	—
Target 1	₹1,900	—
Target 2	₹2,126	—
Bull Target	₹2,500+	—

At CMP ₹1,659: Risk ~₹219 (13.2%), Reward to T2 ~₹467 (28.1%) → R:R ≈ 1:2.1

ENTRY STRATEGY

- **Value Entry (Now)**
  ₹1,550–₹1,700 zone. Near 52W low support. Suitable for long-term fundamental investors with 12-18M horizon. Stagger entry.
- **Momentum Entry**
  Wait for breakout above ₹1,900 on above-average volume. Confirms Stage 2 initiation. Better R:R for swing traders.
- **Event-Driven Entry**
  Post FY26 full year results (May 2026) — if revenue >₹2,200 Cr, strong re-entry signal with earnings confirmation.

EXIT STRATEGY

- **Hard Stop**
  Close below ₹1,440 on weekly basis — signals Stage 1 base broken, re-evaluate thesis.

- **Partial Profit — T1**
  Book 30-40% at ₹1,900. Locks in gains while maintaining position for larger thesis to play out.
- **Full Target — T2**
  ₹2,126 (prior high). Consider trailing stop above T1. Full exit if CV cycle shows signs of peaking again.
- **Thesis Exit Trigger**
  Meritor HVS MOU fails to materialise, or AL concentration >65%, or debt rises above ₹100 Cr.

B · TRADINGVIEW LIVE CHART — DARK MODE LAYOUT

NSE:AUTOAXLES Weekly · Candlestick · Dark Theme · Volume · RSI

TradingView Live | NSE · India

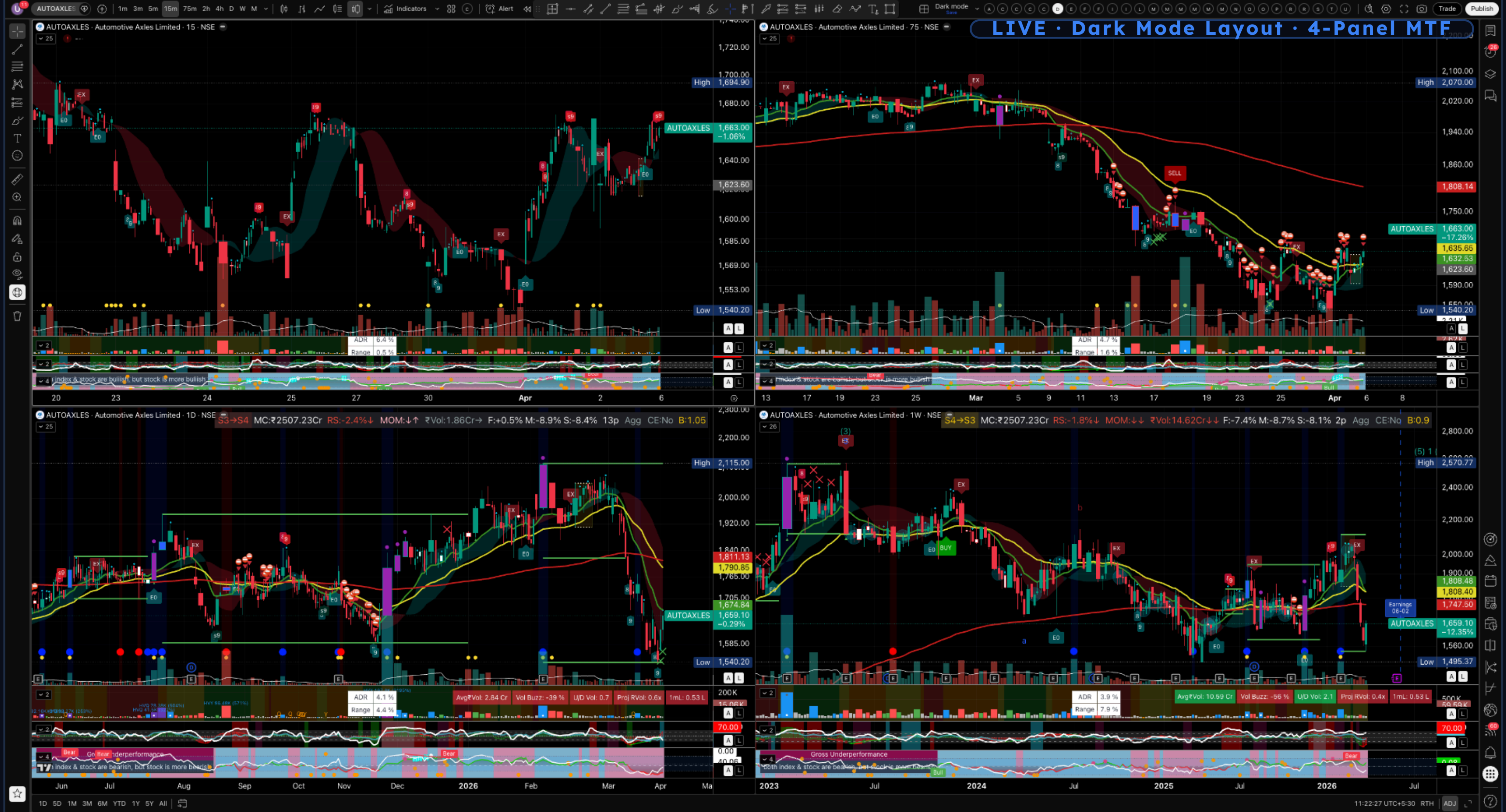
📍 **Key Technical Levels overlaid:** Support ₹1,520 · Resistance ₹1,900 · 52W High ₹2,126

Use weekly timeframe for stage analysis. RSI < 40 = oversold accumulation zone. MACD crossover = momentum confirmation.

B · TRADINGVIEW DARK MODE LAYOUT — MULTI-TIMEFRAME (15M · 75M · 1D · 1W)

NSE:AUTOAXLES · DARK MODE LAYOUT 4-Panel · 15m · 75m · 1D · 1W · Candlestick + Indicators

TradingView Desktop | Multi-Timeframe | Live Capture



🕐 **15m** — Intraday momentum & tape reading

🕐 **75m** — Swing trade entry precision

📅 **1D** — Primary trend & stage identification

📆 **1W** — Macro positioning & multi-month base validation

INVESTMENT VERDICT

🐂 BULL CASE FACTORS

- ▲ Fortress balance sheet — D/E <0.02, zero effective debt
- ▲ ROCE 22.3% — top-quartile capital efficiency for the sector
- ▲ Meritor HVS customer transfer = near-term revenue catalyst
- ▲ DII steadily accumulating (14.57%) — smart domestic money buying
- ▲ 29.7% PAT CAGR over 5 years — proven compounder
- ▲ EV-ready infrastructure — positioned for future transition
- ▲ P/E 15.2x at trough earnings — reasonable entry point
- ▲ Q4FY25 + Q3FY26 sequential recovery signals inflection

🐻 BEAR CASE FACTORS

- ▼ Ashok Leyland 50-60% concentration — structural single-customer risk
- ▼ Revenue -6.8% YoY FY25 — two consecutive declining years
- ▼ CV industry deeply cyclical — visibility is inherently limited
- ▼ EV transition timeline uncertain — technology disruption risk
- ▼ FII at 0.68% — no international re-rating catalyst present
- ▼ Working capital days 111 — elevated, amplifies AL concentration risk

▼ Stock -22% from peak, RS weak — no technical tailwind yet

📋 **PRIMAEGIS RESEARCH — INVESTMENT VERDICT**

Automotive Axles Ltd is a **quality cyclical at trough earnings**, offering a reasonable risk-reward for investors with 12–18 month horizon. The combination of near-zero debt, sub-16x P/E, 22%+ ROCE, and proven 5-year earnings compounding makes AAL a defensible fundamental thesis. The key variable is the **Meritor HVS customer transfer execution** and the broader M&HCV industry recovery trajectory.

Preferred Entry: ₹1,550–₹1,700 (staggered). **Hard Stop:** ₹1,440 weekly close. **Primary Target:** ₹1,900–₹2,126. **Bull Target:** ₹2,500 (FY26 earnings recovery + re-rating). Monitor FY26 full-year results (May 2026) and Meritor HVS MOU materialisation as thesis confirmation events.