

Shriram Pistons (SPRL) logged a robust Q1, with consol. revenue/EBITDA up 16%/13% YoY (a ~10% beat on EBITDA). The management guided to healthy growth across segments in FY25, owing to a generally positive demand outlook, new order wins, and greater content per vehicle in core engine products amid rising penetration of alternative fuels. Continued strengthening of the already dominant core engine product franchise via emerging opportunities (CNG, hybrids, hydrogen, etc.), strong export tailwinds amid extended visibility for ICE, and accelerated foray into EV-specific and powertrain-agnostic parts via M&A drive 15% EPS CAGR over FY24-27E (our estimates are unchanged; we introduce FY27 estimates). We **retain BUY on SPRL, raising our TP to Rs2,600/sh (from Rs2,450) at 18x Jun-26E PER (rolled over from Mar-26E).**

Shriram Pistons & Rings: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	26,093	30,893	35,621	39,567	43,222
EBITDA	4,604	6,420	7,480	8,546	9,336
Adj. PAT	2,935	4,425	5,150	6,039	6,649
Adj. EPS (Rs)	133.2	100.5	116.9	137.1	150.9
EBITDA margin (%)	17.6	20.8	21.0	21.6	21.6
EBITDA growth (%)	51.2	39.5	16.5	14.3	9.2
Adj. EPS growth (%)	78.2	(23.4)	16.4	17.3	10.1
RoE (%)	21.1	25.6	23.9	22.8	20.8
RoIC (%)	24.7	29.8	28.9	30.2	30.0
P/E (x)	14.0	18.6	16.0	13.6	12.4
EV/EBITDA (x)	8.1	12.0	9.9	8.3	7.1
P/B (x)	2.7	4.3	3.5	2.8	2.4
FCFF yield (%)	7.3	4.5	5.2	6.4	7.9

Source: Company, Emkay Research

Strong performance continues, with ~10% beat on EBITDA

Consolidated revenue grew ~17% YoY to Rs8.4bn (above estimates). Growth accelerated at subsidiaries, with revenue rising ~2% QoQ and margins up by ~120bps QoQ to 12.0%. EBITDA grew 13% YoY to Rs1.65bn (a ~10% beat), while margin dipped by 92bps QoQ to 19.8%, amid slightly lower scale; though gross margins expanded by ~180bps QoQ on better mix. Adj. consol. PAT was higher by 13% YoY.

Earnings call KTAs

1) End-market outlook remains generally positive amid healthy monsoons and the upcoming festive season; SPRL expects continued outperformance vs the underlying automobile industry driven by new business wins/client additions at subsidiaries and growth in alternative fuels, incl. opportunities for faster growth in content per vehicle. 2) Seeing increased enquiries amid rising vacancies of capacities in several markets; the company is working on converting such opportunities into business. 3) Subsidiary EMFI has won orders from 2Ws and 4Ws, incl. CVs (as part of OEMs' localization drive); Takahata has also won orders for plastic injection molding parts, incl. for EVs; the company expects subsidiaries to continue contributing 12-14% of revenue. 4) In EMFI, SPRL's business proposition of one of the few players with grounds-up solutions for Indian markets and combined supplies of motors and controllers is helping it win business; its Coimbatore facility would be ready by Q4; SPRL is also in the process of acquiring additional land, next to its existing facility in Rajasthan, to cater to the higher growth for Takahata; SPRL is helping add non-Japanese customers for the latter. 5) The company is working on a number of alternative fuel programs, incl. hybrids and CNG (sole supplier to the recently-launched BJAUT CNG motorcycle *Freedom 125*). 6) The non-Auto business is expected to see enduring growth; SPRL is also looking at new product additions in the aftermarket, for continued growth. 7) The mgmt. retains focus on further M&A for growth and derisking, while ensuring EBITDA accretion and acquisition of future technology. 8) Continued growth, sustainable cost actions (e.g. rising use of renewable power) are seen helping SPRL maintain and potentially improve profitability levels.

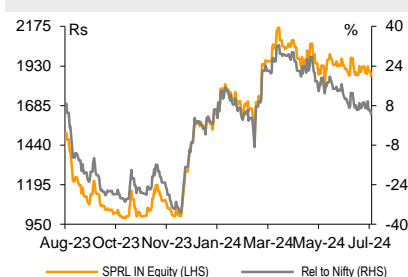
Target Price – 12M	Jun-25
Change in TP (%)	6.1
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	39.1
CMP (29-Jul-24) (Rs)	1,869.3

Stock Data	Ticker
52-week High (Rs)	2,206
52-week Low (Rs)	949
Shares outstanding (mn)	44.0
Market-cap (Rs bn)	82
Market-cap (USD mn)	983
Net-debt, FY25E (Rs mn)	-8,149
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	208.7
ADTV-3M (USD mn)	2.5
Free float (%)	53.3
Nifty-50	24,836
INR/USD	83.7
Shareholding, Dec-23	
Promoters (%)	46.8
FPIs/MFs (%)	1.1/13.1

Price Performance

(%)	1M	3M	12M
Absolute	(2.2)	(9.2)	45.1
Rel. to Nifty	(5.5)	(17.3)	14.8

1-Year share price trend (Rs)



Chirag Jain

chirag.jain@emkayglobal.com
+91 22 6624 2428

Jaimin Desai

jaimin.desai@emkayglobal.com
+91 22 6612 1334

Nandan Pradhan

nandan.pradhan@emkayglobal.com
+91 22 6612 1238

Exhibit 1: Q1FY25 result snapshot – Revenues up 17% YoY; margins down by 92bps QoQ, on lower operating leverage

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Revenue	7,164	7,516	7,657	8,556	8,371	16.8	(2.2)
Expenditure	5,703	5,940	6,044	6,786	6,716	17.8	(1.0)
as % of sales	79.6	79.0	78.9	79.3	80.2		
Consumption of RM	2,850	2,888	3,040	3,700	3,461	21.4	(6.4)
as % of sales	39.8	38.4	39.7	43.2	41.4		
Employee Cost	1,107	1,155	1,192	1,192	1,290	16.6	8.3
as % of sales	15.4	15.4	15.6	13.9	15.4		
Other expenditure	1,746	1,898	1,813	1,894	1,965	12.5	3.7
as % of sales	24.4	25.3	23.7	22.1	23.5		
EBITDA	1,462	1,576	1,613	1,770	1,655	13.2	(6.5)
EBITDA margin (%)	20.4	21.0	21.1	20.7	19.8		
Depreciation	227	225	290	336	295	30.3	(12.0)
EBIT	1,235	1,351	1,323	1,434	1,359	10.1	(5.2)
Other Income	191	230	193	239	263	38.0	9.9
Interest	62	67	82	94	86	39.2	(8.6)
PBT	1,364	1,515	1,434	1,579	1,536	12.6	(2.7)
Total Tax	349	385	357	415	364	4.4	(12.1)
Adjusted PAT	1,020	1,137	1,074	1,196	1,155	13.2	(3.5)
Extra ordinary items Loss/(Gain)	0	0	0	0	0		
Reported PAT	1,020	1,137	1,074	1,196	1,155	13.2	(3.5)
Adjusted EPS (Rs)	23.1	25.8	24.4	27.2	26.2	13.2	(3.5)
(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	20.4	21.0	21.1	20.7	19.8	(63)	(92)
EBITM	17.2	18.0	17.3	16.8	16.2	(100)	(53)
EBTM	19.0	20.2	18.7	18.5	18.3	(68)	(11)
PATM	14.2	15.1	14.0	14.0	13.8	(44)	(19)
Effective Tax rate	25.6	25.4	24.9	26.2	23.7	(188)	(253)

Source: Company, Emkay Research

Exhibit 2: Actual vs. Estimates – EBITDA ~10% above our estimates , a 13% beat on PAT

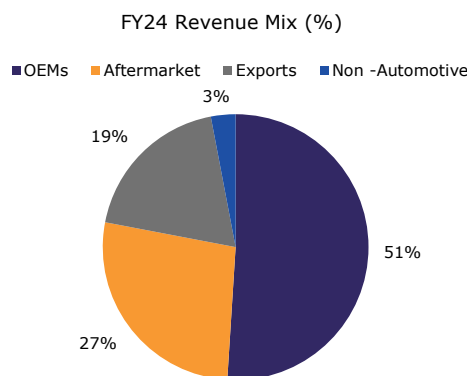
(Rs mn)	Actual	Emkay Est	Variance %
Net sales	8,371	7,666	9.2
EBITDA	1,655	1,510	9.6
EBITDA margin (%)	19.8	19.7	7 bps
Adj. net income	1,155	1,020	13.2
EPS (Rs)	26.2	23.2	13.2

Source: Company, Emkay Research

Exhibit 3: Margin Analysis – Margin down by 92bps QoQ, dragged by higher Staff costs and other expenses; RM costs down QoQ

Year to March (%)	Q1FY25	Q1FY24	YoY (bps)	Q4FY24	QoQ (bps)
Raw material costs	41.4	39.8	156.7	43.2	(189.0)
Staff costs	15.4	15.4	(3.6)	13.9	148.3
Other expenses	23.5	24.4	(89.7)	22.1	132.9
EBITDA	19.8	20.4	(63.5)	20.7	(92.2)
Adjusted net profit	13.8	14.2	(43.8)	14.0	(18.8)
Effective Tax rate	23.7	25.6	(187.7)	26.2	(252.5)

Source: Company, Bloomberg, Emkay Research

Exhibit 4: Channel-wise FY24 revenue mix (Standalone operations)

Source: Company, Emkay Research

Exhibit 5: SPRL dominates the space with ~50% revenue market share

Revenues (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	11,697	12,444	13,930	14,626	17,294	19,549	16,068	15,966	20,647	26,093	30,893
IP Rings	949	1,126	1,317	1,914	2,067	2,121	1,979	1,985	2,727	3,233	3,167
Rane Engine Valve	2,659	3,952	3,496	3,602	3,793	4,264	3,590	3,049	3,872	5,024	5,668
Federal Mogul Goetze	11,580	15,799	13,309	12,791	13,253	13,418	10,854	11,072	13,426	16,341	16,956
Menon Pistons	1,420	1,444	1,304	1,328	1,461	1,561	1,178	1,371	2,011	2,082	2,088
Samkrng Pistons	847	1,013	1,182	1,749	2,029	2,121	1,979	1,985	2,727	2,366	2,467
Total	29,153	35,777	34,537	36,009	39,897	43,034	35,648	35,427	45,409	55,140	61,239

Revenue mkt shr (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	40	35	40	41	43	45	45	45	45	47	50
IP Rings	3	3	4	5	5	5	6	6	6	6	5
Rane Engine Valve	9	11	10	10	10	10	10	9	9	9	9
Federal Mogul Goetze	40	44	39	36	33	31	30	31	30	30	28
Menon Pistons	5	4	4	4	4	4	3	4	4	4	3
Samkrng Pistons	3	3	3	5	5	5	6	6	6	4	4




Source: Company, Capitaline, Emkay Research; Note: For Federal Mogul, FY15 represents data over 15 months

Exhibit 6: Company commands over 70% share of the profit pool, with much superior profitability relative to peers

EBITDA (Rs mn)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	2,293	1,901	2,325	2,552	2,926	2,938	1,820	2,155	3,045	4,604	6,420
IP Rings	97	128	152	146	243	276	216	245	331	259	230
Rane Engine Valve	-97	302	42	230	144	186	111	-32	106	279	467
Federal Mogul Goetze	1,429	1,873	1,757	2,146	2,276	2,264	1,304	835	1,637	2,103	2,385
Menon Pistons	87	146	114	149	158	186	107	169	306	318	315
Samkrng Pistons	-887	-889	-936	-64	-262	-318	-132	195	706	346	315
Total	2,921	3,462	3,454	5,158	5,484	5,533	3,426	3,568	6,131	7,910	10,132
EBITDA mkt share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	78	55	67	49	53	53	53	60	50	58	63
IP Rings	3	4	4	3	4	5	6	7	5	3	2
Rane Engine Valve	-3	9	1	4	3	3	3	-1	2	4	5
Federal Mogul Goetze	49	54	51	42	41	41	38	23	27	27	24
Menon Pistons	3	4	3	3	3	3	3	5	5	4	3
Samkrng Pistons	-30	-26	-27	-1	-5	-6	-4	5	12	4	3
EBITDAM (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	19.6	15.3	16.7	17.4	16.9	15.0	11.3	13.5	14.7	17.6	20.8
IP Rings	10.2	11.4	11.5	7.6	11.7	13.0	10.9	12.4	12.1	8.0	7.3
Rane Engine Valve	-3.7	7.6	1.2	6.4	3.8	4.4	3.1	-1.0	2.7	5.6	8.2
Federal Mogul Goetze	12.3	11.9	13.2	16.8	17.2	16.9	12.0	7.5	12.2	12.9	14.1
Menon Pistons	6.2	10.1	8.7	11.2	10.8	11.9	9.1	12.4	15.2	15.3	15.1
Samkrng Pistons	-104.7	-87.7	-79.2	-3.7	-12.9	-15.0	-6.7	9.8	25.9	14.6	12.8
Total	10.0	9.7	10.0	14.3	13.7	12.9	9.6	10.1	13.5	14.3	16.5
EBIT mkt share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	153.2	90.7	111.5	59.9	64.7	65.7	90.3	96.4	57.9	68.2	72.8
IP Rings	3.1	5.0	5.9	2.1	4.6	5.3	9.6	9.4	4.7	1.6	0.7
Rane Engine Valve	-33.4	1.5	-16.6	-1.5	-4.2	-3.5	-15.5	-19.0	-2.3	1.4	3.3
Federal Mogul Goetze	81.8	76.5	69.0	42.3	42.8	41.4	34.4	-0.0	19.2	20.9	18.1
Menon Pistons	5.2	8.2	4.9	3.3	3.2	4.1	4.9	8.5	6.2	4.3	3.0
Samkrng Pistons	-109.9	-81.8	-74.7	-6.0	-11.2	-12.9	-23.7	4.7	14.4	3.5	2.2
EBITM (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Shriram Pistons	11.8	8.9	11.3	13.1	13.1	11.4	6.1	8.3	11.2	15.8	20.1
IP Rings	3.0	5.4	6.3	3.4	7.8	8.4	5.3	6.5	6.9	3.1	1.9
Rane Engine Valve	-11.3	0.5	-6.7	-1.3	-3.9	-2.8	-4.7	-8.6	-2.4	1.7	4.9
Federal Mogul Goetze	6.4	5.9	7.3	10.6	11.4	10.5	3.5	-0.0	5.7	7.8	9.1
Menon Pistons	3.3	7.0	5.3	7.9	7.8	8.8	4.6	8.5	12.3	12.5	12.2
Samkrng Pistons	-117.1	-99.1	-89.1	-11.0	-19.3	-20.7	-13.1	3.3	21.2	9.0	7.5
Total	3.1	3.4	4.1	8.9	8.8	7.9	3.1	3.9	8.8	11.0	13.9

Source: Company, Capitaline, Emkay Research; Note: For Federal Mogul, FY15 represents 15 months of data

Exhibit 7: SPRL has longstanding technological tie-ups with players from Germany and Japan

<p>Since 1972</p> <p>PISTONS</p>  <p>KOLBENSCHMIDT</p> <p>Kolbenschmidt Germany</p>	<p>Since 1978</p> <p>RINGS</p> <p>RIKEN</p> <p>Riken Corporation Japan</p> <p>21.3% Holding in SPRL</p>	<p>Since 1989</p> <p>PISTONS</p>  <p>Honda Foundry Japan</p>	<p>Since 1993</p> <p>ENGINE VALVES</p>  <p>Fuji Oozx Japan</p>
<ul style="list-style-type: none"> ❖ Ranks among the 100 biggest auto industry suppliers worldwide ❖ 40 production plants in Europe, the Americas, Japan, India and China ❖ Has three divisions – Mechatronics, Motor service and Hard parts (includes pistons for cars & CV, and other products) 	<ul style="list-style-type: none"> ❖ Founded in 1927 ❖ Presence in USA, China, Indonesia, Thailand, Europe, and India ❖ Manufactures Piston Rings, Other Automotive Parts, Piping products, Marine & Industrial Components & Parts, Thermal Engineering products, Aerospace Industrial Equipment parts, etc. 	<ul style="list-style-type: none"> ❖ Founded in 1963 ❖ Began with Manufacturing Piston, also manufactures automobile parts and other aluminum alloy parts 	<ul style="list-style-type: none"> ❖ Established in 1951 ❖ Presence in USA, China, Indonesia, Mexico, Germany and India ❖ Manufactures various engine valves and other engine-related parts and automobile parts, etc.

Source: Company

Exhibit 8: To address the electrification risk, SPRL has diversified into EV-specific parts and engine agnostic parts via recent acquisitions

 <p>SPR (through its 100% subsidiary SPR Engenious Ltd.) acquired 66.42% stake in EMF Innovations Pvt. Ltd.</p> <ul style="list-style-type: none"> ❖ EMF Innovations (EMFI) is a young tech company having research base in Singapore and manufacturing operations in India ❖ Enables SPR to move towards electrifying its product portfolio and provide complete solutions for Electric Vehicles ❖ Design & Manufacturing Capability of products for mobility applications in the plant located in Coimbatore, Tamil Nadu <table border="0"> <tr> <td>Annual Production Capacity</td> <td>280K BLDC Hub Motors</td> <td>200K Mid Drive Motors</td> <td>400K Motor Controllers</td> <td>120K PMSM Motors</td> </tr> </table> <p>Products</p>  <p>Brushless DC (BLDC) motors</p>  <p>SRM & PMSM Mid Drive Motors</p>  <p>Motor Controllers</p> <p>Broad Application Range</p> 	Annual Production Capacity	280K BLDC Hub Motors	200K Mid Drive Motors	400K Motor Controllers	120K PMSM Motors	 <p>SPR (through its 100% subsidiary SPR Engenious Ltd.) acquired 62% stake in Takahata Precision India Pvt. Ltd.</p> <ul style="list-style-type: none"> ❖ Takahata Precision India Pvt. Ltd., has technical collaboration with Takahata Japan, which is a leading precision injection moulded parts manufacturing company globally ❖ Manufactures a wide range of products such as automotive parts, office automation equipment parts, optical equipment parts, residential facilities parts and medical equipment parts. <p>Wide Range of Products</p>  <ul style="list-style-type: none"> ❖ FI Components ❖ FI - Connectors ❖ Throttle Unit ❖ ECU ❖ Brake Unit ❖ Air Bags ❖ Steering ❖ Brake Unit ❖ Door Lock <p>Key Automotive Customers</p>  <p>State-of-the-art manufacturing facility in Neemrana, Rajasthan, capable of developing moulds from 20T – 350T & 30–35 MCL. Enables TPI to design, manufacturing, trials, maintenance, and inspection all under one roof</p>
Annual Production Capacity	280K BLDC Hub Motors	200K Mid Drive Motors	400K Motor Controllers	120K PMSM Motors		

Source: Company

Exhibit 9: Revenue model – We expect 12%/13%/15% revenue/EBITDA/EPS CAGR over FY24-27E

(Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E
Revenue	15,966	20,647	26,093	30,893	35,621	39,567	43,222
Growth YoY (%)	-0.6	29.3	26.4	18.4	15.3	11.1	9.2
EBITDA	2,155	3,045	4,604	6,420	7,480	8,546	9,336
EBITDA margin (%)	13.5	14.7	17.6	20.8	21.0	21.6	21.6
EBIT	1,130	2,024	3,656	5,343	6,162	7,136	7,757
EBIT margin (%)	7.1	9.8	14.0	17.3	17.3	18.0	17.9
Interest	126	114	193	305	343	327	252
PBT	1,200	2,202	3,930	5,891	6,843	8,037	8,856
Tax rate (%)	26	26	25	26	26	26	26
PAT	887	1,636	2,935	4,426	5,150	6,039	6,649
PAT margin (%)	5.6	7.9	11.2	14.3	14.5	15.3	26
EPS (Rs.)	20	37	67	100	117	137	151
Capex	501	818	1,252	3,353	2,000	2,500	2,500
% of sales	3.1	4.0	4.8	10.9	5.6	6.3	5.8
Net debt	(1,427)	(2,202)	(3,812)	(5,168)	(8,149)	(11,648)	(15,905)
Net D/E (x)	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4	-0.5
FCF	1,446	1,579	2,733	3,449	3,886	4,496	5,252
Post-tax ROCE (%)	6.7	11.0	16.5	18.2	16.9	16.7	15.8

Source: Company, Emkay Research

Exhibit 10: Our FY25/FY26 estimates are unchanged; we introduce FY27 estimates

(Rs mn)	FY25E				FY26E				FY27E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Net Sales	35,621	35,621	(0.0)	15.3	39,567	39,567	0.0	11.1	43,222	9.2
EBITDA	7,500	7,480	(0.3)	16.5	8,568	8,546	(0.3)	14.3	9,336	9.2
Margin (%)	21.1	21.0	(5) bps	22 bps	21.7	21.6	(5) bps	60 bps	21.6	(0) bps
APAT	5,165	5,150	(0.3)	16.4	6,055	6,039	(0.3)	17.3	6,649	10.1
EPS (Rs)	117.2	116.9	(0.2)	16.4	137.5	137.1	(0.3)	17.3	150.9	10.1

Source: Emkay Research

Shriram Pistons & Rings: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	26,093	30,893	35,621	39,567	43,222
Revenue growth (%)	26.4	18.4	15.3	11.1	9.2
EBITDA	4,604	6,420	7,480	8,546	9,336
EBITDA growth (%)	51.2	39.5	16.5	14.3	9.2
Depreciation & Amortization	947	1,077	1,318	1,411	1,578
EBIT	3,656	5,343	6,162	7,136	7,757
EBIT growth (%)	80.7	46.1	15.3	15.8	8.7
Other operating income	0	0	0	0	0
Other income	467	853	1,023	1,228	1,351
Financial expense	193	305	343	327	252
PBT	3,930	5,891	6,843	8,037	8,856
Extraordinary items	45	0	0	0	0
Taxes	991	1,505	1,748	2,053	2,262
Minority interest	4	(39)	(55)	(55)	(55)
Income from JV/Associates	0	0	0	0	0
Reported PAT	2,890	4,425	5,150	6,039	6,649
PAT growth (%)	78.2	53.1	16.4	17.3	10.1
Adjusted PAT	2,935	4,425	5,150	6,039	6,649
Diluted EPS (Rs)	133.2	100.5	116.9	137.1	150.9
Diluted EPS growth (%)	78.2	(23.4)	16.4	17.3	10.1
DPS (Rs)	15.0	10.0	14.0	16.5	18.1
Dividend payout (%)	11.4	10.0	12.0	12.0	12.0
EBITDA margin (%)	17.6	20.8	21.0	21.6	21.6
EBIT margin (%)	14.0	17.3	17.3	18.0	17.9
Effective tax rate (%)	25.2	25.5	25.5	25.5	25.5
NOPLAT (pre-IndAS)	2,734	3,978	4,588	5,313	5,776
Shares outstanding (mn)	22.0	44.1	44.1	44.1	44.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	3,930	5,891	6,843	8,037	8,856
Others (non-cash items)	1,839	638	1,661	1,738	1,830
Taxes paid	(1,039)	(1,561)	(1,748)	(2,053)	(2,262)
Change in NWC	213	(101)	(870)	(726)	(672)
Operating cash flow	3,952	4,867	5,886	6,996	7,752
Capital expenditure	(1,219)	(1,419)	(2,000)	(2,500)	(2,500)
Acquisition of business	(1,063)	(3,283)	0	0	0
Interest & dividend income	197	486	0	0	0
Investing cash flow	(2,085)	(4,216)	(2,000)	(2,500)	(2,500)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,032	171	(121)	(183)	(1,707)
Payment of lease liabilities	(82)	0	0	0	0
Interest paid	(191)	(263)	(343)	(327)	(252)
Dividend paid (incl tax)	(308)	(330)	(618)	(725)	(798)
Others	573	1,921	55	55	54
Financing cash flow	1,105	1,499	(1,026)	(1,180)	(2,703)
Net chg in Cash	2,971	2,151	2,860	3,316	2,550
OCF	3,952	4,867	5,886	6,996	7,752
Adj. OCF (w/o NWC chg.)	3,739	4,969	6,756	7,722	8,425
FCFF	2,733	3,449	3,886	4,496	5,252
FCFE	2,736	3,630	3,544	4,169	5,000
OCF/EBITDA (%)	85.8	75.8	78.7	81.9	83.0
FCFE/PAT (%)	94.7	82.0	68.8	69.0	75.2
FCFF/NOPLAT (%)	99.9	86.7	84.7	84.6	90.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	220	441	441	441	441
Reserves & Surplus	15,054	18,816	23,348	28,662	34,514
Net worth	15,275	19,257	23,789	29,103	34,954
Minority interests	141	949	949	949	949
Deferred tax liability (net)	199	348	348	348	348
Total debt	3,332	4,549	4,428	4,245	2,538
Total liabilities & equity	18,945	25,102	29,513	34,644	38,789
Net tangible fixed assets	4,461	6,468	7,277	8,319	0
Net intangible assets	1,899	1,899	1,899	1,899	0
Net ROU assets	972	972	972	972	0
Capital WIP	47	315	188	235	235
Goodwill	0	0	0	0	0
Investments [JV/Associates]	48	48	48	48	48
Cash & equivalents	7,144	9,717	12,577	15,893	18,443
Current assets (ex-cash)	9,158	11,937	13,764	15,289	16,701
Current Liab. & Prov.	4,783	6,254	7,211	8,010	8,750
NWC (ex-cash)	4,375	5,683	6,553	7,279	7,951
Total assets	18,945	25,102	29,513	34,644	38,789
Net debt	(3,812)	(5,168)	(8,149)	(11,648)	(15,905)
Capital employed	18,945	25,102	29,513	34,644	38,789
Invested capital	11,707	15,022	16,700	18,468	20,062
BVPS (Rs)	693.5	437.2	540.0	660.7	793.5
Net Debt/Equity (x)	(0.2)	(0.3)	(0.3)	(0.4)	(0.5)
Net Debt/EBITDA (x)	(0.8)	(0.8)	(1.1)	(1.4)	(1.7)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	16.5	18.2	16.9	16.7	15.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	14.0	18.6	16.0	13.6	12.4
P/CE(x)	10.6	15.0	12.7	11.1	10.0
P/B (x)	2.7	4.3	3.5	2.8	2.4
EV/Sales (x)	1.4	2.5	2.1	1.8	1.5
EV/EBITDA (x)	8.1	12.0	9.9	8.3	7.1
EV/EBIT(x)	10.2	14.4	12.0	9.9	8.6
EV/IC (x)	3.2	5.1	4.4	3.8	3.3
FCFF yield (%)	7.3	4.5	5.2	6.4	7.9
FCFE yield (%)	6.6	4.4	4.3	5.1	6.1
Dividend yield (%)	0.8	0.5	0.8	0.9	1.0
DuPont-RoE split					
Net profit margin (%)	11.2	14.3	14.5	15.3	15.4
Total asset turnover (x)	1.6	1.4	1.3	1.2	1.2
Assets/Equity (x)	1.2	1.3	1.3	1.2	1.1
RoE (%)	21.1	25.6	23.9	22.8	20.8
DuPont-RoIC					
NOPLAT margin (%)	10.5	12.9	12.9	13.4	13.4
IC turnover (x)	2.2	2.1	2.1	2.1	2.2
RoIC (%)	24.7	29.8	28.9	30.2	30.0
Operating metrics					
Core NWC days	61.2	67.1	67.1	67.1	67.1
Total NWC days	61.2	67.1	67.1	67.1	67.1
Fixed asset turnover	1.9	1.9	1.9	1.9	1.8
Opex-to-revenue (%)	40.3	38.8	37.6	37.0	37.0

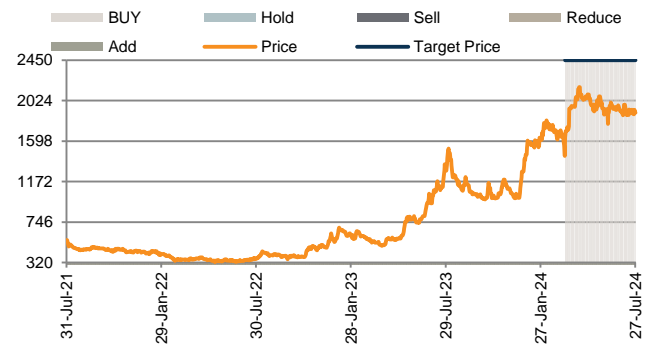
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
16-May-24	1,969	2,450	Buy	Chirag Jain
08-Apr-24	2,147	2,450	Buy	Chirag Jain
14-Mar-24	1,640	2,450	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

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