

SPRL's Q4 results were healthy, with consol. revenue/EBITDA/PAT growth of 22%/31%/27% YoY. SPRL's 18% rev. growth was 2x the underlying auto industry's. Mgmt guides for sustained outperformance in FY25 too, led by deeper market/client penetration & sustained growth in after-market, exports. SPRL continues to strengthen its already dominant positioning in core products, with value-additive growth in newer technologies like CNG, hydrogen, etc. This is backed by its tech leadership and R&D efforts, even as i) strong export tailwinds from global OEMs are extending visibility for the IC engine ('last man standing'); ii) accelerated foray into EV-specific and engine-agnostic parts (via M&As included) drives diversification and offers growth triggers. We retain our FY25/26 estimates and **BUY rating; TP stays at Rs2,450 at 18x FY26E PER.**

Shriram Pistons & Rings: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	20,647	26,093	30,893	35,621	39,567
EBITDA	3,045	4,604	6,420	7,500	8,568
Adj. PAT	1,636	2,935	4,425	5,165	6,055
Adj. EPS (Rs)	74.3	133.2	100.5	117.2	137.5
EBITDA margin (%)	14.7	17.6	20.8	21.1	21.7
EBITDA growth (%)	41.3	51.2	39.5	16.8	14.2
Adj. EPS growth (%)	87.2	78.2	(23.4)	16.7	17.2
RoE (%)	13.6	21.1	25.6	24.0	22.9
RoIC (%)	14.5	24.7	29.8	29.0	30.3
P/E (x)	26.5	14.8	19.6	16.8	14.3
EV/EBITDA (x)	13.5	8.6	12.7	10.5	8.8
P/B (x)	3.5	2.8	4.5	3.6	3.0
FCFF yield (%)	3.8	6.9	4.2	5.0	6.0

Source: Company, Emkay Research

Healthy operational performance

Revenue growth accelerated to 22% YoY (vs 17% for 9MFY24) to Rs8.6bn. Consolidated EBITDA was in line with our estimates with growth of 31% YoY to Rs1.8bn; margin rose by 143bps YoY (fell by 38bps QoQ). The sequential dip in margin was on account of higher RM costs. PAT grew ~27% YoY to Rs1.2bn (a ~8% beat), largely driven by higher other income (up 47% YoY/24% QoQ).

Earnings Call KTAs

1) Management highlighted expectations of continued outperformance vs the underlying automobile industry's, aided by deeper penetration with customers and steady growth in the aftermarket and exports segments. 2) Company gave guidance to a healthy 5-7% growth for 2Ws and the PV industry for FY25E; expects CVs to be flat, with an uptick starting 3Q onwards (post Elections). 3) SPRL has invested ~Rs700mn in construction of its plant at Coimbatore, and ~Rs800mn at the Pithampur plant (commencement of production at this site in Mar-24). These new plants are on the back of new order wins. 4) The new capacities at both, Pithampur and Coimbatore (EV powertrain), are in the process of getting fully booked through client order wins. 5) The EV powertrain business (EMFI) is likely to witness high growth over the next few years; company is working with several OEMs across segments. 6) SPRL maintains its aggressive growth strategy via the M&A route; is currently working on 2 deals. 6) The strong margin improvement in recent years has been on account of multiple actions across improving productivity, efficiency, capacity utilization as well as cost initiatives (e.g. renewable power sources); such actions are sustainable. 7) SPRL has an extensive footprint in the aftermarket (over 1,200 touchpoints in India; presence across 45 countries), including the servicing network; this would be utilized for growth in EVs as well.

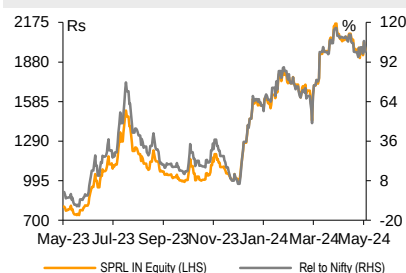
Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	24.4
CMP (16-May-24) (Rs)	1,968.9

Stock Data	Ticker
52-week High (Rs)	2,206
52-week Low (Rs)	730
Shares outstanding (mn)	44.0
Market-cap (Rs bn)	87
Market-cap (USD mn)	1,039
Net-debt, FY25E (Rs mn)	-8,107
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	310.5
ADTV-3M (USD mn)	3.7
Free float (%)	22.0
Nifty-50	22,404
INR/USD	83.5
Shareholding, Dec-23	
Promoters (%)	46.8
FPIs/MFs (%)	1.1/13.1

Price Performance

(%)	1M	3M	12M
Absolute	(4.0)	14.4	146.1
Rel. to Nifty	(5.1)	12.6	100.9

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: Consolidated result snapshot – Revenues up 22% YoY; margins down by 38bps, dragged by higher RM costs

Rs mn	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Revenue	6,201	6,522	6,360	7,010	7,164	7,516	7,657	8,556	22.0	11.7
Expenditure	5,265	5,375	5,190	5,660	5,703	5,940	6,044	6,786	19.9	12.3
as % of sales	84.9	82.4	81.6	80.7	79.6	79.0	78.9	79.3		
Consumption of RM	2,723	2,665	2,614	2,981	2,850	2,888	3,040	3,700	24.1	21.7
as % of sales	43.9	40.9	41.1	42.5	39.8	38.4	39.7	43.2		
Employee Cost	1,004	1,038	1,015	1,087	1,107	1,155	1,192	1,192	9.7	0.0
as % of sales	16.2	15.9	16.0	15.5	15.4	15.4	15.6	13.9		
Other expenditure	1,539	1,672	1,562	1,592	1,746	1,898	1,813	1,894	19.0	4.5
as % of sales	24.8	25.6	24.6	22.7	24.4	25.3	23.7	22.1		
EBITDA	936	1,147	1,170	1,350	1,462	1,576	1,613	1,770	31.1	9.7
EBITDA margin (%)	15.1	17.6	18.4	19.3	20.4	21.0	21.1	20.7		
Depreciation	240	237	232	238	227	225	290	336	40.9	15.9
EBIT	696	910	938	1,112	1,235	1,351	1,323	1,434	29.0	8.4
Other Income	68	118	117	163	191	230	193	239	46.8	24.3
Interest	30	50	51	62	62	67	82	94	51.5	15.7
PBT	735	979	1,004	1,213	1,364	1,515	1,434	1,579	30.2	10.1
Total Tax	188	249	255	299	349	385	357	415	38.8	16.3
Adjusted PAT	547	730	749	914	1,015	1,130	1,078	1,165	27.4	8.1
Extra ordinary items Loss/(Gain)	0	0	0	0	0	0	0	0		
Reported PAT	547	730	749	914	1,015	1,130	1,078	1,165	27.4	8.1
Adjusted EPS (Rs)	12.4	16.6	17.0	20.7	23.1	25.8	24.4	27.2	31.5	11.4
(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (bps)	QoQ (bps)
EBITDAM	15.1	17.6	18.4	19.3	20.4	21.0	21.1	20.7	143	(38)
EBITM	11.2	14.0	14.7	15.9	17.2	18.0	17.3	16.8	90	(52)
EBTM	11.8	15.0	15.8	17.3	19.0	20.2	18.7	18.5	116	(27)
PATM	8.8	11.2	11.8	13.0	14.2	15.0	14.1	13.6	58	(46)
Effective Tax rate	25.6	25.5	25.4	24.6	25.6	25.4	24.9	26.2	161	139

Source: Company, Emkay Research

Exhibit 2: Actual vs. Estimates: EBITDA in-line; 8% beat on PAT, aided by higher than expected other income

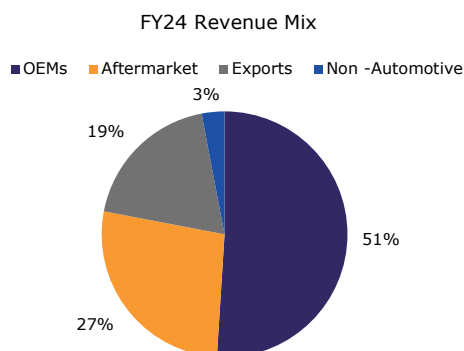
Rs mn	Actual	Emkay Est	Var %
Net sales	8,556	8,322	2.8
EBITDA	1,770	1,757	0.7
EBITDA Margin (%)	20.7	21.1	(43) bps
Adj net income	1,165	1,077	8.1
FDEPS (Rs)	27.2	24.4	11.5

Source: Company, Emkay Research

Exhibit 3: Margin Analysis: Margin down 38bps QoQ largely due to higher RM; Staff costs and other expenses down QoQ

Year to March	Q4FY24	Q4FY23	YoY (bps)	Q3FY24	QoQ (bps)
Raw material	43.2	42.5	71.3	39.7	353.9
Staff costs	13.9	15.5	(157.0)	15.6	(163.3)
Other expenses	22.1	22.7	(57.0)	23.7	(153.0)
EBITDA	20.7	19.3	142.7	21.1	(37.6)
Adjusted net profit	13.6	13.0	57.7	14.1	(46.2)
Effective Tax rate	26.2	24.6	161.4	24.9	139.2

Source: Company, Bloomberg, Emkay Research

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

Source: Company, Emkay Research

Exhibit 5: SPRL dominates its playing ground with ~45% revenue market share

Revenue (Rs mn)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	10,525	11,697	12,444	13,930	14,626	17,294	19,549	16,068	15,966	20,647	26,093
IP Rings	952	949	1,126	1,317	1,914	2,067	2,121	1,979	1,985	2,727	3,233
Rane Engine Valve	2,628	2,659	3,952	3,496	3,602	3,793	4,264	3,590	3,049	3,872	5,024
Federal Mogul Goetze	11,991	11,580	15,799	13,309	12,791	13,253	13,418	10,854	11,072	13,426	16,341
Menon Pistons	1,527	1,420	1,444	1,304	1,328	1,461	1,561	1,178	1,371	2,011	2,082
Samkrig Pistons	848	847	1,013	1,182	1,749	2,029	2,121	1,979	1,985	2,727	2,366
Total	28,471	29,153	35,777	34,537	36,009	39,897	43,034	35,648	35,427	45,409	55,140
Revenue mkt share (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	37.0	40.1	34.8	40.3	40.6	43.3	45.4	45.1	45.1	45.5	47.3
IP Rings	3.3	3.3	3.1	3.8	5.3	5.2	4.9	5.6	5.6	6.0	5.9
Rane Engine Valve	9.2	9.1	11.0	10.1	10.0	9.5	9.9	10.1	8.6	8.5	9.1
Federal Mogul Goetze	42.1	39.7	44.2	38.5	35.5	33.2	31.2	30.4	31.3	29.6	29.6
Menon Pistons	5.4	4.9	4.0	3.8	3.7	3.7	3.6	3.3	3.9	4.4	3.8
Samkrig Pistons	3.0	2.9	2.8	3.4	4.9	5.1	4.9	5.6	5.6	6.0	4.3

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 mkt share (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	72.6	78.5	54.9	67.3	49.5	53.4	53.1	53.1	60.4	49.7	58.2
IP Rings	2.2	3.3	3.7	4.4	2.8	4.4	5.0	6.3	6.9	5.4	3.3
Rane Engine Valve	3.4	-3.3	8.7	1.2	4.5	2.6	3.4	3.2	-0.9	1.7	3.5
Federal Mogul Goetze	38.9	48.9	54.1	50.9	41.6	41.5	40.9	38.1	23.4	26.7	26.6
Menon Pistons	5.6	3.0	4.2	3.3	2.9	2.9	3.4	3.1	4.7	5.0	4.0
Samkrg Pistons	-22.6	-30.4	-25.7	-27.1	-1.2	-4.8	-5.7	-3.9	5.5	11.5	4.4

EBITDAM (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	17.1	19.6	15.3	16.7	17.4	16.9	15.0	11.3	13.5	14.7	17.6
IP Rings	5.6	10.2	11.4	11.5	7.6	11.7	13.0	10.9	12.4	12.1	8.0
Rane Engine Valve	3.2	-3.7	7.6	1.2	6.4	3.8	4.4	3.1	-1.0	2.7	5.6
Federal Mogul Goetze	8.1	12.3	11.9	13.2	16.8	17.2	16.9	12.0	7.5	12.2	12.9
Menon Pistons	9.0	6.2	10.1	8.7	11.2	10.8	11.9	9.1	12.4	15.2	15.3
Samkrg Pistons	-66.2	-104.7	-87.7	-79.2	-3.7	-12.9	-15.0	-6.7	9.8	25.9	14.6
Total	8.7	10.0	9.7	10.0	14.3	13.7	12.9	9.6	10.1	13.5	14.3

EBIT mkt share (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	163.1	153.2	90.7	111.5	59.9	64.7	65.7	90.3	96.4	57.9	68.2
IP Rings	-1.8	3.1	5.0	5.9	2.1	4.6	5.3	9.6	9.4	4.7	1.6
Rane Engine Valve	-20.5	-33.4	1.5	-16.6	-1.5	-4.2	-3.5	-15.5	-19.0	-2.3	1.4
Federal Mogul Goetze	51.1	81.8	76.5	69.0	42.3	42.8	41.4	34.4	-0.0	19.2	20.9
Menon Pistons	14.8	5.2	8.2	4.9	3.3	3.2	4.1	4.9	8.5	6.2	4.3
Samkrg Pistons	-106.8	-109.9	-81.8	-74.7	-6.0	-11.2	-12.9	-23.7	4.7	14.4	3.5

EBITM (%)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Shriram Pistons	9.7	11.8	8.9	11.3	13.1	13.1	11.4	6.1	8.3	11.2	15.8
IP Rings	-1.2	3.0	5.4	6.3	3.4	7.8	8.4	5.3	6.5	6.9	3.1
Rane Engine Valve	-4.9	-11.3	0.5	-6.7	-1.3	-3.9	-2.8	-4.7	-8.6	-2.4	1.7
Federal Mogul Goetze	2.7	6.4	5.9	7.3	10.6	11.4	10.5	3.5	-0.0	5.7	7.8
Menon Pistons	6.1	3.3	7.0	5.3	7.9	7.8	8.8	4.6	8.5	12.3	12.5
Samkrg Pistons	-78.4	-117.1	-99.1	-89.1	-11.0	-19.3	-20.7	-13.1	3.3	21.2	9.0
Total	2.2	3.1	3.4	4.1	8.9	8.8	7.9	3.1	3.9	8.8	11.0

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

Since 1972 PISTONS  KOLBENSCHMIDT Kolbenschmidt Germany ❖ 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)	Since 1978 RINGS  RIKEN Riken Corporation Japan 21.3% Holding in SPRL ❖ 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.	Since 1989 PISTONS  HF Honda Foundry Japan ❖ Founded in 1963 ❖ Began with Manufacturing Piston, also manufactures automobile parts and other aluminum alloy parts	Since 1993 ENGINE VALVES  OOZX Fuji Oozx Japan ❖ 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

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 05/17/2024 11:45 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

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



SPR (through its 100% subsidiary SPR Engenious Ltd.) acquired 66.42% stake in EMF Innovations Pvt. Ltd.

❖ 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**

Annual Production Capacity

280K
BLDC Hub Motors

200K
Mid Drive Motors

400K
Motor Controllers

120K
PMSM Motors

Products

Brushless DC (BLDC) motors

SRM & PMSM Mid Drive Motors

Motor Controllers

Broad Application Range





SPR (through its 100% subsidiary SPR Engenious Ltd.) acquired 62% stake in Takahata Precision India Pvt. Ltd.

❖ 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.

Wide Range of Products

- ❖ FI Components
- ❖ FI - Connectors
- ❖ Throttle Unit
- ❖ ECU
- ❖ Brake Unit
- ❖ Air Bags
- ❖ Steering
- ❖ Brake Unit
- ❖ Door Lock

Key Automotive Customers



State-of-the-art manufacturing facility in **Neemrana, Rajasthan**, capable of developing moulds from 20T – 350T & 30–35 MOL.
Enables TPI to design, manufacturing, trials, maintenance, and inspection all under one roof



Source: Company

Exhibit 9: Revenue model – We expect 13%/16%/17% revenue/EBITDA/EPS CAGR over FY24-26E

Rs mn	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenues	19,549	16,068	15,966	20,647	26,093	30,893	35,621	39,567
Growth YoY (%)	13.0	-17.8	-0.6	29.3	26.4	18.4	15.3	11.1
EBITDA	2,938	1,820	2,155	3,045	4,604	6,420	7,500	8,568
EBITDA margin (%)	15.0	11.3	13.5	14.7	17.6	20.8	21.1	21.7
EBIT	1,995	790	1,130	2,024	3,656	5,343	6,182	7,157
EBIT margin (%)	10.2	4.9	7.1	9.8	14.0	17.3	17.4	18.1
Interest	139	124	126	114	193	305	343	327
PBT	2,092	864	1,200	2,202	3,930	5,891	6,862	8,059
Tax rate (%)	33.8	15.5	26.0	25.7	25.2	25.5	25.5	25.5
PAT	1,385	730	887	1,636	2,935	4,426	5,165	6,055
PAT margin (%)	7.1	4.5	5.6	7.9	11.2	14.3	14.5	15.3
EPS (Rs)	30.9	16.3	19.8	37.1	66.6	100.5	117.2	137.5
Capex	1,519	2,297	501	818	1,252	3,353	2,000	2,500
% of sales	7.8	14.3	3.1	4.0	4.8	10.9	5.6	6.3
Net debt	79	(212)	(1,427)	(2,202)	(3,812)	(5,168)	(8,107)	(11,565)
Net D/E (x)	0.0	0.0	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4
FCF	(181)	1,262	1,446	1,579	2,733	3,449	3,901	4,512
Post-tax ROCE (%)	13.1	5.0	6.7	11.0	16.5	18.2	17.0	16.8

Source: Company, Emkay Research

Exhibit 10: FY25E/26E EPS remains unchanged

Rs mn	FY24		FY25E				FY26E			
	Actual	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Net Sales	30,893	18.4	34,952	35,621	1.9	15.3	39,146	39,567	1.1	11.1
EBITDA	6,420	39.5	7,410	7,500	1.2	16.8	8,456	8,568	1.3	14.2
- Margin (%)	20.8	314 bps	21.2	21.1	(15) bps	27 bps	21.6	21.7	5 bps	60 bps
APAT	4,426	50.8	5,059	5,165	2.1	16.7	5,939	6,055	2.0	17.2
EPS (Rs)	100	50.8	114.8	117.2	2.1	16.7	134.8	137.5	2.0	17.2

Source: Emkay Research

Shriram Pistons & Rings: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	20,647	26,093	30,893	35,621	39,567
Revenue growth (%)	29.3	26.4	18.4	15.3	11.1
EBITDA	3,045	4,604	6,420	7,500	8,568
EBITDA growth (%)	41.3	51.2	39.5	16.8	14.2
Depreciation & Amortization	1,021	947	1,077	1,318	1,411
EBIT	2,024	3,656	5,343	6,182	7,157
EBIT growth (%)	79.2	80.7	46.1	15.7	15.8
Other operating income	0	0	0	0	0
Other income	292	467	853	1,023	1,228
Financial expense	114	193	305	343	327
PBT	2,202	3,930	5,891	6,862	8,059
Extraordinary items	14	45	0	0	0
Taxes	566	991	1,505	1,753	2,058
Minority interest	0	4	(39)	(55)	(55)
Income from JV/Associates	0	0	0	0	0
Reported PAT	1,621	2,890	4,425	5,165	6,055
PAT growth (%)	84.3	78.2	53.1	16.7	17.2
Adjusted PAT	1,636	2,935	4,425	5,165	6,055
Diluted EPS (Rs)	74.3	133.2	100.5	117.2	137.5
Diluted EPS growth (%)	87.2	78.2	(23.4)	16.7	17.2
DPS (Rs)	10.0	15.0	10.0	14.1	16.5
Dividend payout (%)	13.6	11.4	10.0	12.0	12.0
EBITDA margin (%)	14.7	17.6	20.8	21.1	21.7
EBIT margin (%)	9.8	14.0	17.3	17.4	18.1
Effective tax rate (%)	25.7	25.2	25.5	25.5	25.5
NOPLAT (pre-IndAS)	1,503	2,734	3,978	4,603	5,329
Shares outstanding (mn)	22.0	22.0	44.1	44.1	44.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	2,202	3,930	5,891	6,862	8,059
Others (non-cash items)	1,531	1,839	638	1,661	1,738
Taxes paid	(573)	(1,039)	(1,561)	(1,753)	(2,058)
Change in NWC	(400)	213	(101)	(870)	(726)
Operating cash flow	2,193	3,952	4,867	5,901	7,012
Capital expenditure	(615)	(1,219)	(1,419)	(2,000)	(2,500)
Acquisition of business	(44)	(1,063)	(3,283)	0	0
Interest & dividend income	95	197	486	0	0
Investing cash flow	(563)	(2,085)	(4,216)	(2,000)	(2,500)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(662)	1,032	171	(121)	(183)
Payment of lease liabilities	(76)	(82)	0	0	0
Interest paid	(113)	(191)	(263)	(343)	(327)
Dividend paid (incl tax)	(132)	(308)	(330)	(620)	(727)
Others	227	573	1,921	0	0
Financing cash flow	(680)	1,105	1,499	(1,083)	(1,237)
Net chg in Cash	950	2,971	2,151	2,818	3,275
OCF	2,193	3,952	4,867	5,901	7,012
Adj. OCF (w/o NWC chg.)	2,593	3,739	4,969	6,771	7,738
FCFF	1,579	2,733	3,449	3,901	4,512
FCFE	1,560	2,736	3,630	3,558	4,185
OCF/EBITDA (%)	72.0	85.8	75.8	78.7	81.8
FCFE/PAT (%)	96.2	94.7	82.0	68.9	69.1
FCFF/NOPLAT (%)	105.0	99.9	86.7	84.7	84.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	220	220	441	441	441
Reserves & Surplus	12,330	15,054	18,816	23,361	28,690
Net worth	12,550	15,275	19,257	23,802	29,130
Minority interests	0	141	949	949	949
Deferred tax liability (net)	220	199	348	348	348
Total debt	1,568	3,332	4,549	4,428	4,245
Total liabilities & equity	14,338	18,945	25,102	29,526	34,672
Net tangible fixed assets	4,875	4,461	6,468	7,277	8,319
Net intangible assets	1,127	1,899	1,899	1,899	1,899
Net ROU assets	889	972	972	972	972
Capital WIP	56	47	315	188	235
Goodwill	0	0	0	0	0
Investments [JV/Associates]	48	48	48	48	48
Cash & equivalents	3,770	7,144	9,717	12,535	15,810
Current assets (ex-cash)	7,738	9,158	11,937	13,764	15,289
Current Liab. & Prov.	4,163	4,783	6,254	7,211	8,010
NWC (ex-cash)	3,575	4,375	5,683	6,553	7,279
Total assets	14,338	18,946	25,102	29,472	34,562
Net debt	(2,202)	(3,812)	(5,168)	(8,107)	(11,565)
Capital employed	14,338	18,945	25,102	29,526	34,672
Invested capital	10,465	11,707	15,022	16,701	18,469
BVPS (Rs)	569.8	693.5	437.2	540.3	661.3
Net Debt/Equity (x)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)
Net Debt/EBITDA (x)	(0.7)	(0.8)	(0.8)	(1.1)	(1.3)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	11.0	16.5	18.2	17.0	16.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	26.5	14.8	19.6	16.8	14.3
P/CE(x)	16.3	11.2	15.8	13.4	11.6
P/B (x)	3.5	2.8	4.5	3.6	3.0
EV/Sales (x)	2.0	1.5	2.6	2.2	1.9
EV/EBITDA (x)	13.5	8.6	12.7	10.5	8.8
EV/EBIT(x)	20.3	10.8	15.3	12.7	10.5
EV/IC (x)	3.9	3.4	5.4	4.7	4.1
FCFF yield (%)	3.8	6.9	4.2	5.0	6.0
FCFE yield (%)	3.6	6.3	4.2	4.1	4.8
Dividend yield (%)	0.5	0.8	0.5	0.7	0.8
DuPont-RoE split					
Net profit margin (%)	7.9	11.2	14.3	14.5	15.3
Total asset turnover (x)	1.5	1.6	1.4	1.3	1.2
Assets/Equity (x)	1.1	1.2	1.3	1.3	1.2
RoE (%)	13.6	21.1	25.6	24.0	22.9
DuPont-RoIC					
NOPLAT margin (%)	7.3	10.5	12.9	12.9	13.5
IC turnover (x)	2.0	2.2	2.1	2.1	2.1
RoIC (%)	14.5	24.7	29.8	29.0	30.3
Operating metrics					
Core NWC days	63.2	61.2	67.1	67.1	67.1
Total NWC days	63.2	61.2	67.1	67.1	67.1
Fixed asset turnover	1.6	1.9	1.9	1.9	1.9
Opex-to-revenue (%)	47.1	40.3	38.8	38.6	38.0

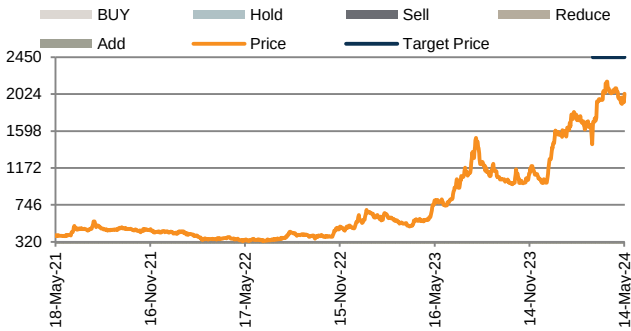
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of May 16, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of May 16, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 16, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
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

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.