

## Growth outlook improving on order wins; content increase

Auto &amp; Auto Ancillaries ▶ Result Update ▶ August 18, 2024

TARGET PRICE (Rs): 725

Suprajit Engineering (SEL)'s Q1 performance was muted (6% miss on EBITDA estimate); it announced buyback of up to ~1.3% of the current market cap at Rs750/sh. Mgmt reiterated the growth outlook is improving (10% for FY25) on strong order-win traction in the global business and ramp up of new products like brakes. We believe SEL would continue benefiting from market-share gains on industry consolidation (e.g. recent SCS acquisition; [refer to our note](#)), higher content (on new products), and domestic 2W industry recovery, even as the global business is starting to improve. We trim FY25E/26E EPS by ~3% on the Q1 miss and introduce FY27 estimates, building in a 23%/41% rev./EPS CAGR for FY24-27E. We retain BUY; raise TP to Rs725/sh at 25x Jun-26E PER (rolled-over, multiple upgraded in line with LTA from 22x earlier on improving outlook).

## Suprajit Engineering: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,524	28,959	34,798	44,030	54,157
EBITDA	3,126	3,230	4,337	6,118	7,606
Adj. PAT	1,521	1,673	2,446	3,718	4,756
Adj. EPS (Rs)	11.0	12.1	17.9	27.1	34.7
EBITDA margin (%)	11.4	11.2	12.5	13.9	14.0
EBITDA growth (%)	20.3	3.3	34.3	41.1	24.3
Adj. EPS growth (%)	(12.1)	9.9	47.8	52.0	27.9
RoE (%)	13.2	12.9	17.4	23.3	24.6
RoIC (%)	12.8	11.7	15.7	21.3	24.1
P/E (x)	56.5	51.4	34.7	22.9	17.9
EV/EBITDA (x)	27.8	26.6	19.8	13.9	10.9
P/B (x)	7.0	6.3	5.9	4.9	4.0
FCFF yield (%)	1.7	1.8	1.3	2.2	3.4

Source: Company, Emkay Research

## Muted revenue growth in Q1; margins largely sustain

Consolidated revenue grew 8% YoY to Rs7.3bn (a ~3% miss to our estimate); growth was muted across all divisions, with the Domestic Cables Division (DCD) growing 6% and the Suprajit Controls Division (SCD; houses most of the global businesses) growing 3%. Consolidated EBITDA was higher by 21% YoY at Rs864mn (a 6% miss); margins dipped by 30bps QoQ to 11.8%; on QoQ basis, all segments except DCD recorded margin improvement. SEL has announced buyback of up to 1.5mn shares (~1.1% of paid up capital) at Rs750/share; the buyback would be completed before 30-Sep-2024.

## Earnings Call KTAs

1) Maintains full-year growth guidance of ~10%; consolidated margins would first improve to ~12% before moving to the 12-14% band. 2) **SCD**: SEL continues to win new orders across Autos and Non-Autos, amid on-shoring, near-shoring, and off-shoring capabilities despite flat growth in the automotive industry and negative growth in Non-Autos; new orders have also been won in exports from India, and at a better margin profile; the weakness in global markets provides further consolidation opportunities; expects clocking double-digit growth by end-year; SEL is working on stabilizing operations at recently acquired SCS, with full-year revenue run-rate seen as stable at the current ~€45mn level; aims achieving 6-10% margins at SCS eventually (in line with other global ancillaries) – clarity would be established in coming quarters; overall SCD margins are seen consolidating at around current levels, and efforts to improve these margins to double-digits are ongoing. 3) **DCD**: Pickup in the aftermarket from H2 (already visible in Jul-Aug) would aid DCD as well as the Phoenix Lamps division (PLD; ~35%/~70% revenue contribution from the aftermarket to DCD/PLD, which saw decline last year); the Q1 margin dip at DCD was due to higher costs at the Suprajit Tech Centre (STC), due to increase in staff strength as well as pass-through of lower RM costs – SEL expects some pricing increase September onward; DCD margins, excluding STC, are intact. 4) **Suprajit Electronics Division (SED)**: has won orders for its electronic throttle sensor for the E-2W leader; it continues to win multiple orders in brakes.

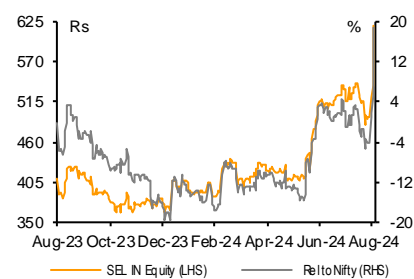
Target Price – 12M	Jun-25
Change in TP (%)	18.9
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	16.8
CMP (16-Aug-24) (Rs)	620.5

Stock Data	Ticker
52-week High (Rs)	640
52-week Low (Rs)	353
Shares outstanding (mn)	138.5
Market-cap (Rs bn)	86
Market-cap (USD mn)	1,023
Net-debt, FY25E (Rs mn)	766
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	208.4
ADTV-3M (USD mn)	2.5
Free float (%)	55.4
Nifty-50	24,541
INR/USD	84.0
<b>Shareholding, Jun-24</b>	
Promoters (%)	44.6
FPIs/MFs (%)	5.8/17.0

## Price Performance

(%)	1M	3M	12M
Absolute	20.0	50.8	51.5
Rel. to Nifty	20.2	36.4	19.9

## 1-Year share price trend (Rs)



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**Exhibit 1: Q1FY25 Result snapshot — Revenue grew 8% YoY; margins down by 30bps QoQ to 11.8%**

(Rs mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
<b>Revenue</b>	<b>6,921</b>	<b>6,990</b>	<b>6,797</b>	<b>7,089</b>	<b>7,242</b>	<b>7,831</b>	<b>7,349</b>	<b>8.1</b>	<b>(6.2)</b>
Expenditure	6,112	6,119	6,082	6,391	6,369	6,887	6,485	6.6	(5.8)
as a % of sales	88.3	87.5	89.5	90.2	87.9	87.9	88.2		
Consumption of RM	4,080	3,907	3,906	4,201	4,234	4,641	4,116	5.4	(11.3)
as a % of sales	58.9	55.9	57.5	59.3	58.5	59.3	56.0		
Employee Cost	1,389	1,484	1,535	1,565	1,510	1,597	1,642	6.9	2.8
as a % of sales	20.1	21.2	22.6	22.1	20.8	20.4	22.3		
Other expenditure	643	728	641	625	626	649	727	13.5	12.0
as a % of sales	9.3	10.4	9.4	8.8	8.6	8.3	9.9		
EBITDA	809	871	715	698	873	944	864	20.8	(8.5)
<b>EBITDA margin (%)</b>	<b>11.7</b>	<b>12.5</b>	<b>10.5</b>	<b>9.8</b>	<b>12.1</b>	<b>12.1</b>	<b>11.8</b>		
Depreciation	247	231	247	257	258	275	262	6.1	(4.9)
EBIT	562	640	468	441	614	669	602	28.6	(10.0)
Other Income	52	56	129	187	90	194	105	(18.5)	(45.8)
Interest	104	115	118	136	132	128	123	4.3	(4.2)
PBT	510	581	479	492	572	734	584	21.9	(20.5)
Total Tax	129	171	148	145	169	143	203	36.8	41.9
Minority interest/ Associate share									
Adjusted PAT	380	410	331	348	402	591	381	15.2	(35.5)
Extra ordinary items Loss/(Gain)	0	0	0	0	0	0	0		
Reported PAT	380	410	331	348	402	591	381	15.2	(35.5)
<b>Adjusted EPS (Rs)</b>	<b>2.7</b>	<b>3.0</b>	<b>2.4</b>	<b>2.5</b>	<b>2.9</b>	<b>4.3</b>	<b>2.8</b>	<b>15.2</b>	<b>(35.5)</b>

(%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	11.7	12.5	10.5	9.8	12.1	12.1	11.8	123	(30)
EBITM	8.1	9.2	6.9	6.2	8.5	8.5	8.2	130	(35)
EBTM	7.4	8.3	7.1	6.9	7.9	9.4	7.9	90	(143)
PATM	5.5	5.9	4.9	4.9	5.6	7.6	5.2	32	(236)
Effective Tax rate	25.4	29.4	30.9	29.4	29.6	19.5	34.7	380	1,525

Source: Company, Emkay Research

**Exhibit 2: Actual vs. Estimates (Q1FY25)**

(Rs mn)	Actual	Emkay Est	% variance
Net sales	7,349	7,591	(3.2)
EBITDA	864	920	(6.1)
EBITDA margin (%)	11.8	12.1	-37 bps
Adj. net income	381	490	(22.2)
EPS (Rs)	2.8	3.5	(22.2)

Source: Company, Emkay Research

**Exhibit 3: Segmental performance – YoY revenue growth muted; sequential margin expansion across divisions, except DCD**

Segmental revenue (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Suprajit Controls Division (SCD)	3,286	3,609	3,494	3,244	3,136	3,744	3,609	3	(4)
Domestic Cable Division (DCD)	2,669	2,453	2,398	2,795	2,886	2,811	2,542	6	(10)
Phoenix Lamps Division (PLD)	966	929	877	980	1,029	1,009	889	1	(12)
Suprajit Electronics Division (SED)	70	191	28	70	191	268	309	1,007	15
<b>Total</b>	<b>6,991</b>	<b>7,181</b>	<b>6,797</b>	<b>7,089</b>	<b>7,242</b>	<b>7,831</b>	<b>7,349</b>	<b>8</b>	<b>(6)</b>

Revenue mix (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Suprajit Controls Division (SCD)	47	50	51	46	43	48	49
Domestic Cable Division (DCD)	38	34	35	39	40	36	35
Phoenix Lamps Division (PLD)	14	13	13	14	14	13	12
Suprajit Electronics Division (SED)	1	3	0	1	3	3	4

Segmental EBITDA (Rs mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Suprajit Controls Division (SCD)	217	367	250	111	193	272	291	16	7
Domestic Cable Division (DCD)	493	449	423	463	530	485	398	(6)	(18)
Phoenix Lamps Division (PLD)	105	80	70	121	128	153	144	105	(5)
Suprajit Electronics Division (SED)	4	21	(0)	4	21	34	30	(6,911)	(12)
<b>Total</b>	<b>819</b>	<b>917</b>	<b>744</b>	<b>698</b>	<b>873</b>	<b>944</b>	<b>864</b>		



Segmental margins (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	YoY (bps)	QoQ (bps)
Suprajit Controls Division (SCD)	6.6	10.2	7.2	3.4	6.2	7.3	8.1	(290)	111
Domestic Cable Division (DCD)	18.5	18.3	17.7	16.6	18.4	17.3	15.7	(104)	(113)
Phoenix Lamps Division (PLD)	10.9	8.6	8.0	12.3	12.4	15.1	16.3	654	271
Suprajit Electronics Division (SED)	5.1	11.1	-1.6	5.1	11.1	12.8	9.7	172	172

EBITDA mix (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Suprajit Controls Division (SCD)	27	40	34	16	22	29	34
Domestic Cable Division (DCD)	60	49	57	66	61	51	46
Phoenix Lamps Division (PLD)	13	9	9	17	15	16	17
Suprajit Electronics Division (SED)	0	2	(0)	1	2	4	3

Source: Company, Emkay Research

**Exhibit 4: Suprajit is the domestic leader in control cables/halogen lamps; globally, it is among the top-2/top-3 players, respectively****Core Product Business Leadership**

- › Full Global Product Range in our Core Products
- › Frequent replacement products with strong spares requirement
- › **Leader by far in India. #2 Globally in Control Cables & #3 Globally in Halogen Lamps**
- › Scale across industries, geographies and aftermarket

	Core Product	Part Numbers	Applications per Vehicle		
			Passenger Vehicles (PV)	2/3 Wheelers	Off-Highway (OHV) Agri, Powersports
	Push/Pull/Push-Pull Control Cables	15000+	15+	3-6	3-6
	Vehicle Lighting Halogen Lamps	80+	2-4	2	2

Source: Company, Emkay Research

**Exhibit 5: The Suprajit Tech Center has been set up with a view to develop new products****Suprajit Technology Center (STC), Bangalore**

15+ patents

- › Focuses on building core design competencies and new product introduction.
- › New products falls into 3 categories – Allied Products, Product Upgradation and Innovation.
- › STC's belief in working from fundamentals has resulted in multiple patents, most of which are already commercialized.

	Products	Customers	Price (INR)	Growth Potential
Clusters & Displays		TVS, HERO ELECTRIC, TORK, VST, Ultraviolet Automotive, ESCORTS, INDI A	700-7500	PV + 2W + OFH
Electromechanical Actuation Systems		CNH INDUSTRIAL, ATHER	400-15000	PV + 2W + OFH
Braking & Brake Release Systems		ALSTOM, BOMBARDIER, KUBOTA, JOHN DEERE, HERO ELECTRIC	3000 - 20000	2W + OFH + Rail
Throttle & Rotary Sensors		MTD, JOHN DEERE, TORO	200-1500	2W + OFH

Source: Company, Emkay Research

**Exhibit 6: SED is gaining strong customer traction for its new products****Strong Customer Traction**

\* This list is not exhaustive. All names, images and logos are copyright of their respective owners.

**Innovative Products**

Digital Clusters



Charger Lid, Seat Latch, Steering Lock Actuators



Electronic Hand Throttle &amp; Rotary Sensors

**State of the Art Facilities**

- IATF 16949 2016 Certified
- Integrated SMT Line
- In-house Injection Moulding
- Automated Testing

Source: Company, Emkay Research

**Exhibit 7: Revenue model – We build in 23%/41% revenue/EPS CAGR over FY24-27E**

(Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
<u>Revenue (revised reporting)</u>									
SCD					13,562	13,617	17,028	23,741	31,315
Growth YoY (%)						0	25	39	32
SCS							1,913	4,500	4,725
DCD					10,321	10,890	12,450	14,034	15,674
Growth YoY (%)						6	14	13	12
PLD					3,640	3,896	4,207	4,586	4,999
Growth YoY (%)						7	8	9	9
SED					-	556	1,113	1,669	2,170
Growth YoY (%)							100	50	30
<b>Total Revenue</b>					<b>27,524</b>	<b>28,959</b>	<b>34,798</b>	<b>44,030</b>	<b>54,157</b>
Growth YoY (%)						5	20	27	23
<u>Revenue mix (%)</u>									
SCD					49	47	49	54	58
SCS					-	-	5	10	9
DCD					38	38	36	32	29
PLD					13	13	12	10	9
SED					-	2	3	4	4
<u>EBITDA (revised reporting)</u>									
SCD					1,095	827	1,413	2,554	3,524
SCS					-	-	-	180	236
DCD					1,793	1,901	2,117	2,596	2,978
PLD					299	471	673	734	800
SED					-	58	134	234	304
<u>EBITDA margin (%)</u>									
SCD					8.1	6.1	8.3	10.8	11.3
SCS							-	4.0	5.0
DCD					17.4	17.5	17.0	18.5	19.0
PLD					8.2	12.1	16.0	16.0	16.0
SED						10.5	12.0	14.0	14.0
<b>Consol. Revenues</b>	<b>15,899</b>	<b>15,628</b>	<b>16,409</b>	<b>18,405</b>	<b>27,524</b>	<b>28,959</b>	<b>34,798</b>	<b>44,030</b>	<b>54,157</b>
Growth YoY (%)	11.1	-1.7	5.0	12.2	49.5	5.2	20.2	26.5	23.0
EBITDA	2,328	2,187	2,367	2,599	3,126	3,230	4,337	6,118	7,606
<b>EBITDA margin (%)</b>	<b>14.6</b>	<b>14.0</b>	<b>14.4</b>	<b>14.1</b>	<b>11.4</b>	<b>11.2</b>	<b>12.5</b>	<b>13.9</b>	<b>14.0</b>
EBIT	2,298	1,896	2,136	2,380	2,558	2,792	3,793	5,501	6,872
EBIT margin (%)	14.5	12.1	13.0	12.9	9.3	9.6	10.9	12.5	12.7
Interest	246	227	192	145	356	514	463	438	420
PAT	1,338	1,381	1,427	1,614	1,521	1,673	2,446	3,718	4,738
PAT margin (%)	8.4	8.8	8.7	8.8	5.5	5.8	7.0	8.4	8.7
<b>EPS (Rs)</b>	<b>9.6</b>	<b>9.9</b>	<b>10.2</b>	<b>11.7</b>	<b>11.0</b>	<b>12.1</b>	<b>17.7</b>	<b>26.9</b>	<b>34.2</b>

Source: Company, Emkay Research

- SEL's improving order-win momentum across Autos and Non-Autos, content per vehicle growth amid expansion into new product lines (brakes, instrument clusters), ongoing recovery in the underlying Indian 2W space, and the recent SCS acquisition (potentially adds 15% to consolidated revenue) would drive a strong 23% revenue CAGR; we also build in 41% EPS CAGR over FY24-27E.
- Amid improving return ratios as well as reasonable valuations, we upgrade the TP multiple to 25x, in line with the LTA, and roll-forward to Jun-26E, leading to a revised TP of Rs725/sh vs. Rs610/sh earlier.

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**Exhibit 8: Change in estimates – We trim FY25E/FY26E EPS by ~3% each, and introduce FY27 estimates**

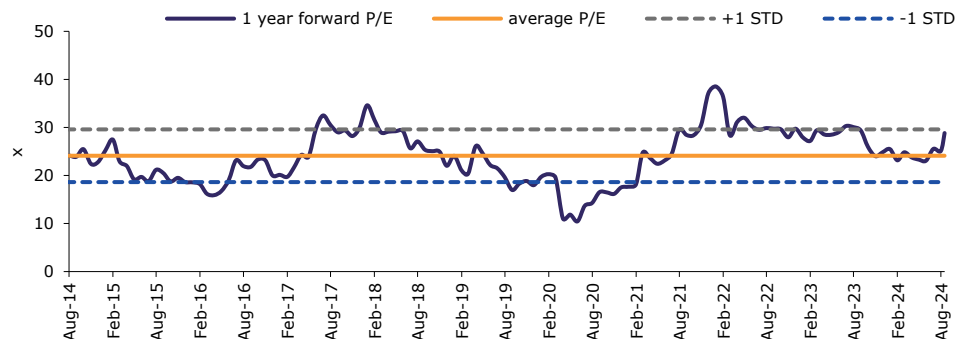
(Rs mn)	FY25E				FY26E				FY27E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introduced	% YoY
Revenue	35,057	34,798	(0.7)	20.2	44,444	44,030	(0.9)	26.5	54,157	23.0
EBITDA	4,444	4,337	(2.4)	34.3	6,271	6,118	(2.4)	41.1	7,606	24.3
Margin (%)	12.7	12.5	-21 bps	131 bps	14.1	13.9	-22 bps	143 bps	14.0	15 bps
Net Profit	2,521	2,446	(3.0)	46.2	3,838	3,718	(3.1)	52.0	4,738	27.4
EPS (Rs)	18.2	17.7	(2.9)	46.2	27.7	26.9	(3.0)	52.0	34.2	27.4

Source: Emkay Research

**Exhibit 9: Emkay vs. Consensus**

Suprajit (Rs mn)	Emkay Estimates			Bloomberg estimates			Difference		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net revenue	34,798	44,030	54,157	33,835	39,388	42,969	2.8%	11.8%	26.0%
EBITDA	4,337	6,118	7,606	4,272	5,283	5,720	1.5%	15.8%	33.0%
EBITDA margin (%)	12.5	13.9	14.0	12.6	13.4	13.3			
EPS (Rs)	17.7	26.9	34.2	17.3	22.9	24.6	2.3%	17.2%	39.1%

Source: Bloomberg, Emkay Research

**Exhibit 10: Suprajit trades near 1SD above the LTA mean, following the recent stock-price run up**

Source: Bloomberg, Emkay Research



Suprajit Engineering: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	27,524	28,959	34,798	44,030	54,157
Revenue growth (%)	49.5	5.2	20.2	26.5	23.0
EBITDA	3,126	3,230	4,337	6,118	7,606
EBITDA growth (%)	20.3	3.3	34.3	41.1	24.3
Depreciation & Amortization	955	1,037	1,174	1,310	1,472
EBIT	2,172	2,192	3,163	4,808	6,134
EBIT growth (%)	7.8	0.9	44.3	52.0	27.6
Other operating income	0	0	0	0	0
Other income	386	599	630	694	763
Financial expense	356	514	463	438	420
PBT	2,202	2,278	3,331	5,063	6,476
Extraordinary items	0	0	0	0	0
Taxes	681	605	885	1,345	1,720
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	1,521	1,673	2,446	3,718	4,756
PAT growth (%)	(12.1)	10.0	46.2	52.0	27.9
Adjusted PAT	1,521	1,673	2,446	3,718	4,756
Diluted EPS (Rs)	11.0	12.1	17.9	27.1	34.7
Diluted EPS growth (%)	(12.1)	9.9	47.8	52.0	27.9
DPS (Rs)	2.3	2.5	3.6	5.4	6.9
Dividend payout (%)	20.9	20.7	20.0	20.0	20.0
EBITDA margin (%)	11.4	11.2	12.5	13.9	14.0
EBIT margin (%)	7.9	7.6	9.1	10.9	11.3
Effective tax rate (%)	30.9	26.6	26.6	26.6	26.6
NOPLAT (pre-IndAS)	1,500	1,610	2,323	3,531	4,504
Shares outstanding (mn)	138.4	138.5	137.0	137.0	137.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	2,202	2,278	3,331	5,063	6,476
Others (non-cash items)	2,587	1,144	1,642	1,751	1,901
Taxes paid	(847)	(789)	(881)	(1,340)	(1,714)
Change in NWC	(1,551)	(140)	(1,173)	(1,792)	(2,030)
Operating cash flow	2,391	2,492	2,919	3,682	4,634
Capital expenditure	(916)	(910)	(1,800)	(1,800)	(1,800)
Acquisition of business	(4,886)	(214)	1,641	(500)	(300)
Interest & dividend income	8	4	0	0	0
Investing cash flow	(5,793)	(1,120)	(159)	(2,300)	(2,100)
Equity raised/(repaid)	0	0	(1,125)	0	0
Debt raised/(repaid)	2,918	(235)	(609)	(15)	(18)
Payment of lease liabilities	(67)	(154)	0	0	0
Interest paid	(335)	(518)	(463)	(438)	(420)
Dividend paid (incl tax)	(284)	(311)	(346)	(489)	(744)
Others	359	(38)	0	0	0
Financing cash flow	2,591	(1,255)	(2,543)	(943)	(1,182)
Net chg in Cash	(811)	117	216	439	1,352
OCF	2,391	2,492	2,919	3,682	4,634
Adj. OCF (w/o NWC chg.)	3,942	2,632	4,091	5,474	6,664
FCFF	1,475	1,582	1,119	1,882	2,834
FCFE	1,128	1,073	656	1,444	2,413
OCF/EBITDA (%)	76.5	77.2	67.3	60.2	60.9
FCFE/PAT (%)	74.2	64.1	26.8	38.8	50.7
FCFF/NOPLAT (%)	98.4	98.3	48.2	53.3	62.9

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	138	138	137	137	137
Reserves & Surplus	12,106	13,483	14,317	17,291	21,096
Net worth	12,245	13,622	14,454	17,428	21,233
Minority interests	0	0	0	0	0
Deferred tax liability (net)	607	468	471	476	482
Total debt	6,417	6,239	5,629	5,614	5,596
Total liabilities & equity	19,269	20,328	20,554	23,518	27,311
Net tangible fixed assets	4,663	5,228	5,393	5,883	6,211
Net intangible assets	1,161	953	953	953	953
Net ROU assets	887	1,382	1,382	1,382	1,382
Capital WIP	278	72	103	103	103
Goodwill	1,364	1,382	1,382	1,382	1,382
Investments [JV/Associates]	25	1	25	25	25
Cash & equivalents	5,495	6,312	4,863	5,802	7,455
Current assets (ex-cash)	10,473	10,894	13,034	16,278	19,982
Current Liab. & Prov.	5,076	5,466	6,582	8,291	10,181
NWC (ex-cash)	5,397	5,428	6,452	7,987	9,801
Total assets	19,269	20,328	20,554	23,518	27,311
Net debt	922	(73)	766	(189)	(1,858)
Capital employed	19,269	20,328	20,554	23,518	27,311
Invested capital	13,472	13,943	15,562	17,587	19,729
BVPS (Rs)	88.5	98.4	105.5	127.2	155.0
Net Debt/Equity (x)	0.1	0.0	0.1	0.0	(0.1)
Net Debt/EBITDA (x)	0.3	0.0	0.2	0.0	(0.2)
Interest coverage (x)	0.1	0.2	0.1	0.1	0.1
RoCE (%)	11.4	10.6	13.9	18.7	20.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	56.5	51.4	34.7	22.9	17.9
P/CE(x)	34.7	31.7	23.5	16.9	13.6
P/B (x)	7.0	6.3	5.9	4.9	4.0
EV/Sales (x)	3.2	3.0	2.5	1.9	1.5
EV/EBITDA (x)	27.8	26.6	19.8	13.9	10.9
EV/EBIT(x)	40.0	39.2	27.1	17.6	13.6
EV/IC (x)	6.4	6.2	5.5	4.8	4.2
FCFF yield (%)	1.7	1.8	1.3	2.2	3.4
FCFE yield (%)	1.3	1.2	0.8	1.7	2.8
Dividend yield (%)	0.4	0.4	0.6	0.9	1.1
DuPont-RoE split					
Net profit margin (%)	5.5	5.8	7.0	8.4	8.8
Total asset turnover (x)	1.6	1.5	1.7	2.0	2.1
Assets/Equity (x)	1.5	1.5	1.5	1.4	1.3
RoE (%)	13.2	12.9	17.4	23.3	24.6
DuPont-RoIC					
NOPLAT margin (%)	5.4	5.6	6.7	8.0	8.3
IC turnover (x)	2.0	2.1	2.2	2.5	2.7
RoIC (%)	12.8	11.7	15.7	21.3	24.1
Operating metrics					
Core NWC days	71.6	68.4	67.7	66.2	66.1
Total NWC days	71.6	68.4	67.7	66.2	66.1
Fixed asset turnover	2.7	2.3	2.5	2.8	3.1
Opex-to-revenue (%)	29.9	30.2	27.7	24.1	21.8

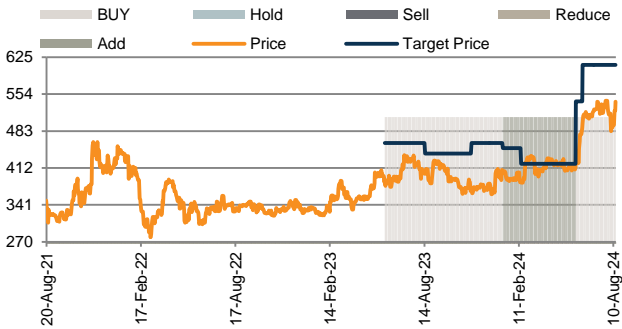
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
12-Jun-24	498	610	Buy	Chirag Jain
30-May-24	438	540	Buy	Chirag Jain
15-Feb-24	385	420	Add	Chirag Jain
11-Jan-24	404	450	Add	Chirag Jain
30-Nov-23	381	460	Buy	Chirag Jain
12-Nov-23	372	460	Buy	Chirag Jain
15-Aug-23	401	440	Buy	Chirag Jain
30-May-23	390	460	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research



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