

Outperformance trend continues for yet another quarter

Auto & Auto Ancillaries ▶ Result Update ▶ February 4, 2025

TARGET PRICE (Rs) : 2,950

SPRL delivered a healthy ~11% YoY consolidated revenue growth, outpacing the underlying industry's low-single digit production growth by ~3%, though EBITDA margin at ~20.1% was ~68bps lower than our estimates (dragged by higher other expenses). Strong double digit 2W industry growth and increasing traction in the aftermarket segment provided a cushioning against the backdrop of a wider demand weakness in PVs/CVs/3Ws. Management remains optimistic about medium-term prospects of the auto industry, supported by a recovery in exports, as restocking gains pace and synergies from the TGPEL/Takahata acquisition (refer to: **TGPEL acquisition: Strategic fit with strong financials**) enhance cross-selling opportunities. With the Coimbatore plant set to double EMFI's capacity, strong presence across powertrains, and a broader push toward non-auto applications, SPRL is strategically positioned for sustained outperformance. We have incorporated TGPEL's financials into our FY26/27E, leading to a ~3% EPS accretion; we maintain our positive stance on SPRL and retain BUY with an unchanged TP of Rs2,950 at 20x Dec-26E PER.

Shriram Pistons & Rings: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	26,093	30,893	34,715	39,977	43,718
EBITDA	4,604	6,420	7,065	8,555	9,356
Adj. PAT	2,935	4,425	4,852	6,019	6,579
Adj. EPS (Rs)	66.6	100.5	110.2	136.6	149.3
EBITDA margin (%)	17.6	20.8	20.4	21.4	21.4
EBITDA growth (%)	51.2	39.5	10.0	21.1	9.4
Adj. EPS growth (%)	78.2	53.2	9.6	24.0	9.3
RoE (%)	21.1	25.6	22.7	23.0	20.7
RoIC (%)	24.7	29.8	27.7	29.4	27.5
P/E (x)	30.2	20.0	18.2	14.7	13.5
EV/EBITDA (x)	18.4	13.0	11.7	9.4	8.3
P/B (x)	5.8	4.6	3.8	3.1	2.6
FCFF yield (%)	3.2	4.1	4.4	3.9	5.4

Source: Company, Emkay Research

Largely in-line performance; continued to outpace the underlying industry

Consolidated revenue grew ~11% YoY (vs industry production growth of 6%) to Rs8.5bn (~1.3% above estimates). EBITDA grew 6% YoY to Rs1.7bn (~2% below our estimates), with EBITDA margin down by 18bps QoQ to 20.1% (vs our estimate of ~20.8%); PAT grew 11.7% YoY to Rs1.2bn (~3% beat on our estimates) owing to higher other income.

Earnings call KTAs

1) SPRL highlighted continued outperformance vs the underlying auto industry during 9MFY25 against the backdrop of muted growth in PVs/CVs/3W segments and a strong double-digit growth in 2Ws. However, the EV penetration continues to remain weak. 2) SPRL completed the acquisition of 100% stake in TGPEL (in Dec-24), a precision plastic injection molding company, with a product portfolio spanning the auto, electrical, medical, and consumer segments for an all cash-consideration of Rs2.2bn; SPRL aims to sustain/improve TGPEL's historical margins. 3) The management expects healthy synergies between TGPEL and Takahata; while there is near-zero overlap at the product level, some overlaps are seen at the client level. Further, this acquisition also enhances cross-selling opportunities for SPRL, owing to a comprehensive suite of products across multiple end-user segments offered by Takahata and TGPEL, which would enable deeper market penetration. 4) SPRL targets continued outperformance against the underlying industry, driven by new business and client acquisitions. 5) SPRL's other businesses are progressing well with outperformance vs their respective markets; SPRL is one of the few domestic manufacturers to have received the I-CAT and PM E-drive approvals, for both motors and controllers, with adequate localization levels. SPRL is also a key supplier of motors and controllers for several upcoming EV launches and anticipates the need for capacity expansion at its existing EV plant due to the growing demand for its products. 6) While the geopolitical problems in key exports markets (higher energy costs in the EU, a slowdown in the Middle East & US, and higher freight costs) persist, the management expects exports market to recover in the medium term as restocking gains momentum and key markets start showing signs of demand revival. SPRL believes that the exports to US would continue despite the on-going problems owing to longer product development times and significant up-front investments. 7) The company has engaged with 3 customers for hydrogen pistons with product under advance trials; however, this is still a nascent space with significant testing requirements at the client's end. India has taken a lead in hydrogen technology aided by Reliance's ecosystem. 8) The management expects all powertrains to co-exist and is actively exploring M&A opportunities to diversify its portfolio. 9) SPRL is also witnessing good traction across its non-auto applications, including industrial, marine, and renewable energy sectors. 10) Coimbatore plant is scheduled to operationalize by end of Q4FY25/Apr-25, and is projected to double EMFI's existing production capacity. 11) SPRL has declared an interim dividend of Rs5/share.

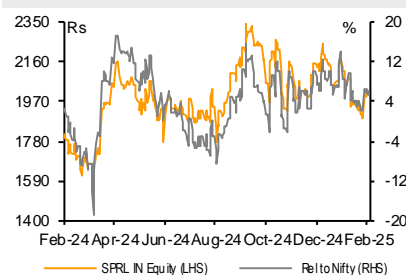
Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	46.8
CMP (03-Feb-25) (Rs)	2,009.9

Stock Data	Ticker
52-week High (Rs)	2,399
52-week Low (Rs)	1,410
Shares outstanding (mn)	44.0
Market-cap (Rs bn)	89
Market-cap (USD mn)	1,015
Net-debt, FY25E (Rs mn)	-5,726
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	113.8
ADTV-3M (USD mn)	1.3
Free float (%)	53.3
Nifty-50	23,361
INR/USD	87.2
Shareholding, Dec-23	
Promoters (%)	46.8
FPIs/MFs (%)	1.1/13.1

Price Performance

(%)	1M	3M	12M
Absolute	(5.0)	(6.5)	12.3
Rel. to Nifty	(2.4)	(2.7)	5.0

1-Year share price trend (Rs)



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Exhibit 1: Q3FY25 result snapshot – Revenues grew ~11% YoY while EBITDA was up 6% YoY

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	7,516	7,657	8,556	8,371	8,765	8,479	10.7	(3.3)
Expenditure	5,940	6,044	6,786	6,716	6,986	6,773	12.1	(3.0)
as % of sales	79.0	78.9	79.3	80.2	79.7	79.9		
Consumption of RM	2,888	3,040	3,700	3,461	3,642	3,472	14.2	(4.7)
as % of sales	38.4	39.7	43.2	41.4	41.5	40.9		
Employee Cost	1,155	1,192	1,192	1,290	1,260	1,264	6.0	0.3
as % of sales	15.4	15.6	13.9	15.4	14.4	14.9		
Other expenditure	1,898	1,813	1,894	1,965	2,084	2,038	12.4	(2.2)
as % of sales	25.3	23.7	22.1	23.5	23.8	24.0		
EBITDA	1,576	1,613	1,770	1,655	1,779	1,706	5.8	(4.1)
EBITDA margin (%)	21.0	21.1	20.7	19.8	20.3	20.1		
Depreciation	225	290	336	295	310	308	6.5	(0.5)
EBIT	1,351	1,323	1,434	1,359	1,469	1,397	5.6	(4.9)
Other Income	230	193	239	263	304	272	41.5	(10.5)
Interest	67	82	94	86	94	79	(3.4)	(16.5)
PBT	1,515	1,434	1,579	1,536	1,679	1,591	10.9	(5.2)
Total Tax	385	357	415	364	420	381	6.9	(9.3)
Adjusted PAT	1,137	1,074	1,196	1,155	1,248	1,199	11.7	(3.9)
Extra ordinary items Loss/(Gain)	0	0	0	0	0	0		
Reported PAT	1,137	1,074	1,196	1,155	1,248	1,199	11.7	(3.9)
Adjusted EPS (Rs)	25.8	24.4	27.2	26.2	28.3	27.2	11.7	(3.9)
(%)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	21.0	21.1	20.7	19.8	20.3	20.1	(95)	(18)
EBITM	18.0	17.3	16.8	16.2	16.8	16.5	(80)	(28)
EBTM	20.2	18.7	18.5	18.3	19.2	18.8	3	(39)
PATM	15.1	14.0	14.0	13.8	14.2	14.1	12	(10)
Effective Tax rate	25.4	24.9	26.2	23.7	25.0	24.0	(90)	(106)

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates – 1.3%/2.6% beat on Revenue/PAT

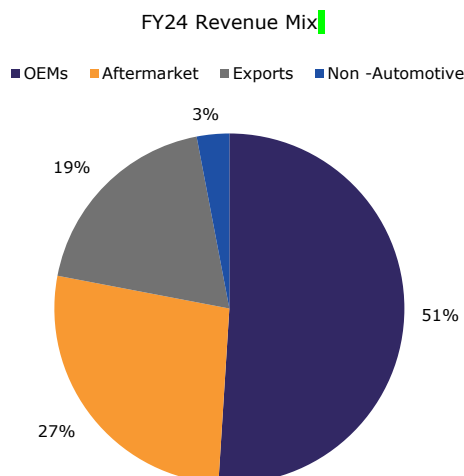
(Rs mn)	Actual	Emkay Est	Variance %
Net sales	8,479	8,366	1.3
EBITDA	1,706	1,740	(2.0)
EBITDA Margin (%)	20.1	20.8	(68) bps
Adj. net income	1,199	1,169	2.6
EPS (Rs)	27.2	26.5	2.6

Source: Company, Emkay Research

Exhibit 3: Margin Analysis – Margin down by 18bps QoQ owing to higher staff costs and other expenses

Margins (%)	Q3FY25	Q3FY24	YoY (bps)	Q2FY25	QoQ (bps)
Raw material costs	40.9	39.7	124.2	41.5	(60.2)
Staff costs	14.9	15.6	(66.0)	14.4	52.8
Other expenses	24.0	23.7	36.4	23.8	25.4
EBITDA	20.1	21.1	(94.6)	20.3	(18.0)
Adjusted net profit	14.1	14.0	11.7	14.2	(9.8)
Effective Tax rate	24.0	24.9	(89.7)	25.0	(106.3)

Source: Company, Emkay Research

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

Source: Company, Emkay Research

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

Revenue (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
Samkrig 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 share (%)	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
Samkrig Pistons	3	3	3	5	5	5	6	6	6	4	4

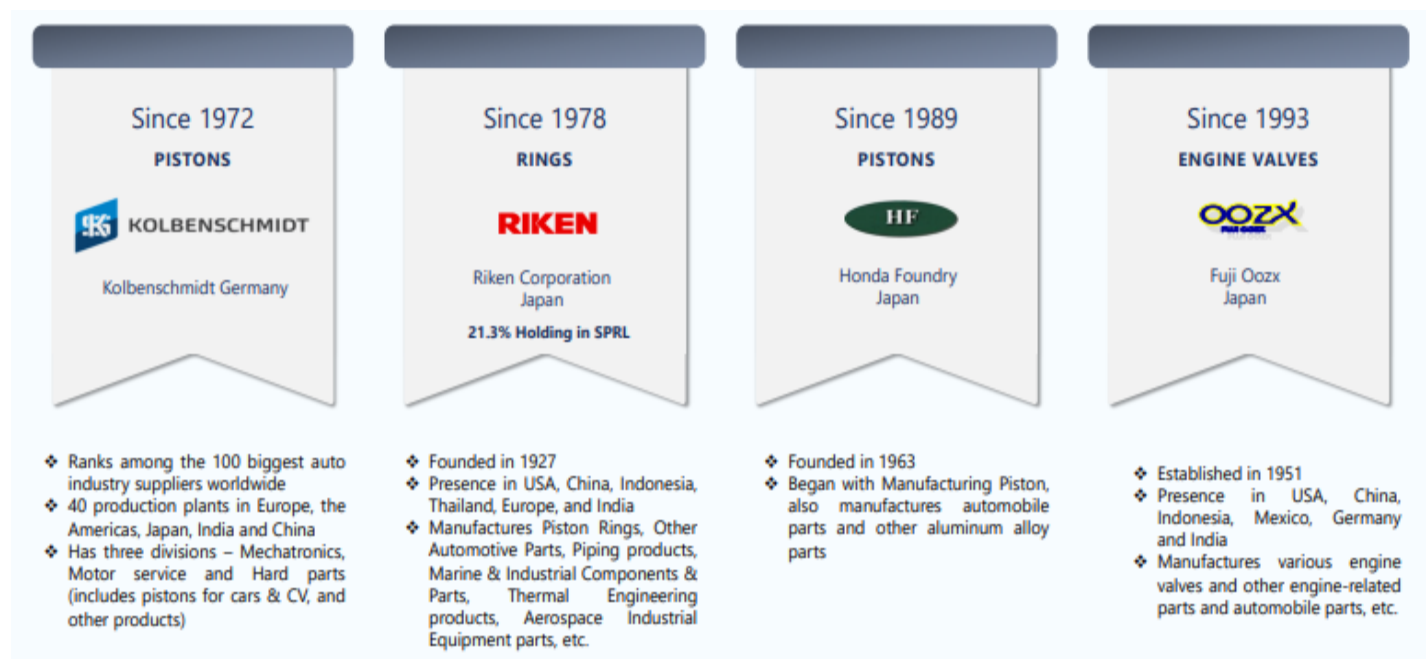
Source: Company, Capitaline, Emkay Research; Note: For Federal Mogul, FY15 represents data over 15 months

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
Samkrp 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
Samkrp 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
Samkrp 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
Samkrp 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
Samkrp 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



Source: Company, Emkay Research

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



Source: Company, Emkay Research

Exhibit 9: Revenue model – We expect 12%/15%/16% revenue/EBITDA/EPS CAGR over FY25-27E

Particulars (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Consolidated Revenue	19,549	16,068	15,966	20,647	26,093	30,893	34,715	39,977	43,718
Growth YoY (%)	13.0	-17.8	-0.6	29.3	26.4	18.4	12.4	15.2	9.4
EBITDA	2,938	1,820	2,155	3,045	4,604	6,420	7,065	8,555	9,356
EBITDA margin (%)	15.0	11.3	13.5	14.7	17.6	20.8	20.4	21.4	21.4
EBIT	1,995	790	1,130	2,024	3,656	5,343	5,835	7,110	7,667
EBIT margin (%)	10.2	4.9	7.1	9.8	14.0	17.3	16.8	17.8	17.5
Interest	139	124	126	114	193	305	344	329	315
PBT	2,092	864	1,200	2,202	3,930	5,891	6,418	7,973	8,720
Tax rate (%)	34	15	26	26	25	26	25	25	25
PAT	1,385	730	887	1,636	2,935	4,426	4,852	6,019	6,579
PAT margin (%)	7.1	4.5	5.6	7.9	11.2	14.3	14.0	15.1	25
EPS (Rs)	31	16	20	37	67	100	110	137	149
Capex	1,519	2,297	501	818	1,252	3,353	2,000	3,634	3,634
% of sales	7.8	14.3	3.1	4.0	4.8	10.9	5.8	9.1	8.3
Net debt	79	(212)	(1,427)	(2,202)	(3,812)	(5,168)	(5,726)	(7,827)	(10,944)
Net D/E (x)	0.0	0.0	-0.1	-0.2	-0.2	-0.3	-0.2	-0.3	-0.3
FCF	1,519	2,297	501	818	1,252	3,353	2,000	3,634	3,634
Post-tax ROCE (%)	17.5	6.6	8.9	14.7	22.0	24.3	21.5	22.4	20.7

Source: Company, Emkay Research

Exhibit 10: We raise our FY26/FY27 revenue/EPS estimates after factoring in TGPEL's financials; FY25E is largely unchanged

(Rs mn)	FY25E				FY26E				FY27E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Net Sales	34,715	34,715	0.0	12.4	38,634	39,977	3.5	15.2	42,213	43,718	3.6	9.4
EBITDA	7,065	7,065	0.0	10.0	8,268	8,555	3.5	21.1	9,034	9,356	3.6	9.4
Margin (%)	20.4	20.4	0 bps	(43) bps	21.4	21.4	(0) bps	105 bps	21.4	21.4	(0) bps	(0) bps
APAT	4,854	4,852	(0.0)	9.6	5,842	6,019	3.0	24.0	6,435	6,579	2.2	9.3
EPS (Rs)	110.2	110.2	(0.0)	9.6	132.6	136.6	3.0	24.0	146.1	149.3	2.2	9.3

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	34,715	39,977	43,718
Revenue growth (%)	26.4	18.4	12.4	15.2	9.4
EBITDA	4,604	6,420	7,065	8,555	9,356
EBITDA growth (%)	51.2	39.5	10.0	21.1	9.4
Depreciation & Amortization	947	1,077	1,230	1,445	1,689
EBIT	3,656	5,343	5,835	7,110	7,667
EBIT growth (%)	80.7	46.1	9.2	21.8	7.8
Other operating income	0	0	0	0	0
Other income	467	853	927	1,193	1,368
Financial expense	193	305	344	329	315
PBT	3,930	5,891	6,418	7,973	8,720
Extraordinary items	45	0	0	0	0
Taxes	991	1,505	1,604	1,993	2,180
Minority interest	4	(39)	(39)	(39)	(39)
Income from JV/Associates	0	0	0	0	0
Reported PAT	2,890	4,425	4,852	6,019	6,579
PAT growth (%)	78.2	53.1	9.6	24.0	9.3
Adjusted PAT	2,935	4,425	4,852	6,019	6,579
Diluted EPS (Rs)	66.6	100.5	110.2	136.6	149.3
Diluted EPS growth (%)	78.2	53.2	9.6	24.0	9.3
DPS (Rs)	7.5	10.0	13.2	16.4	17.9
Dividend payout (%)	11.4	10.0	12.0	12.0	12.0
EBITDA margin (%)	17.6	20.8	20.4	21.4	21.4
EBIT margin (%)	14.0	17.3	16.8	17.8	17.5
Effective tax rate (%)	25.2	25.5	25.0	25.0	25.0
NOPLAT (pre-IndAS)	2,734	3,978	4,376	5,332	5,750
Shares outstanding (mn)	44.1	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	6,418	7,973	8,720
Others (non-cash items)	1,839	638	1,574	1,775	2,003
Taxes paid	(1,039)	(1,561)	(1,604)	(1,993)	(2,180)
Change in NWC	213	(101)	(703)	(968)	(688)
Operating cash flow	3,952	4,867	5,684	6,787	7,855
Capital expenditure	(1,219)	(1,419)	(2,000)	(3,634)	(3,634)
Acquisition of business	(1,063)	(3,283)	(3,700)	0	0
Interest & dividend income	197	486	0	0	0
Investing cash flow	(2,085)	(4,216)	(5,700)	(3,634)	(3,634)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,032	171	(193)	(78)	(200)
Payment of lease liabilities	(82)	(68)	(68)	(68)	(68)
Interest paid	(191)	(263)	(344)	(329)	(315)
Dividend paid (incl tax)	(308)	(330)	(582)	(722)	(789)
Others	573	0	0	0	0
Financing cash flow	1,105	(422)	(1,120)	(1,130)	(1,304)
Net chg in Cash	2,971	230	(1,136)	2,024	2,917
OCF	3,952	4,867	5,684	6,787	7,855
Adj. OCF (w/o NWC chg.)	3,739	4,969	6,387	7,755	8,543
FCFF	2,733	3,448	3,684	3,153	4,221
FCFE	2,736	3,630	3,340	2,824	3,907
OCF/EBITDA (%)	85.8	75.8	80.5	79.3	84.0
FCFE/PAT (%)	94.7	82.0	68.8	46.9	59.4
FCFF/NOPLAT (%)	99.9	86.7	84.2	59.1	73.4

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	23,086	28,383	34,172
Net worth	15,275	19,257	23,527	28,823	34,613
Minority interests	141	949	910	871	832
Deferred tax liability (net)	199	348	348	348	348
Total debt	3,332	4,549	4,356	4,278	4,078
Total liabilities & equity	18,945	25,102	29,140	34,320	39,870
Net tangible fixed assets	5,043	6,790	7,688	9,723	11,668
Net intangible assets	1,318	1,539	1,539	1,539	1,539
Net ROU assets	972	1,010	1,010	1,010	1,010
Capital WIP	47	315	188	342	342
Goodwill	0	0	0	0	0
Investments [JV/Associates]	48	48	2,248	2,248	2,248
Cash & equivalents	7,144	9,717	10,081	12,105	15,022
Current assets (ex-cash)	9,158	11,937	13,414	15,447	16,893
Current Liab. & Prov.	4,783	6,254	7,028	8,093	8,851
NWC (ex-cash)	4,375	5,683	6,386	7,354	8,042
Total assets	18,945	25,102	29,140	34,319	39,871
Net debt	(3,812)	(5,168)	(5,726)	(7,827)	(10,944)
Capital employed	18,945	25,102	29,140	34,320	39,870
Invested capital	11,707	15,022	16,622	19,625	22,258
BVPS (Rs)	346.7	437.2	534.1	654.3	785.8
Net Debt/Equity (x)	(0.2)	(0.3)	(0.2)	(0.3)	(0.3)
Net Debt/EBITDA (x)	(0.8)	(0.8)	(0.8)	(0.9)	(1.2)
Interest coverage (x)	0.0	0.0	0.1	0.0	0.0
RoCE (%)	22.0	24.3	21.5	22.4	20.7

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	30.2	20.0	18.2	14.7	13.5
P/CE(x)	22.8	16.1	14.6	11.9	10.7
P/B (x)	5.8	4.6	3.8	3.1	2.6
EV/Sales (x)	3.2	2.7	2.4	2.0	1.8
EV/EBITDA (x)	18.4	13.0	11.7	9.4	8.3
EV/EBIT(x)	23.2	15.6	14.2	11.4	10.1
EV/IC (x)	7.2	5.5	5.0	4.1	3.5
FCFF yield (%)	3.2	4.1	4.4	3.9	5.4
FCFE yield (%)	3.1	4.1	3.8	3.2	4.4
Dividend yield (%)	0.4	0.5	0.7	0.8	0.9
DuPont-RoE split					
Net profit margin (%)	11.2	14.3	14.0	15.1	15.0
Total asset turnover (x)	1.6	1.4	1.3	1.3	1.2
Assets/Equity (x)	1.2	1.3	1.3	1.2	1.2
RoE (%)	21.1	25.6	22.7	23.0	20.7
DuPont-RoIC					
NOPLAT margin (%)	10.5	12.9	12.6	13.3	13.2
IC turnover (x)	2.2	2.1	2.1	2.0	2.0
RoIC (%)	24.7	29.8	27.7	29.4	27.5
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	1.7
Opex-to-revenue (%)	40.3	38.8	38.0	37.1	37.1

Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	2,083	2,950	Buy	Chirag Jain
18-Dec-24	2,160	2,950	Buy	Chirag Jain
10-Dec-24	2,248	2,950	Buy	Chirag Jain
29-Oct-24	2,052	2,600	Buy	Chirag Jain
30-Jul-24	1,990	2,600	Buy	Chirag Jain
30-Jul-24	1,990	2,600	Buy	Chirag Jain
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: Bloomberg, Company, Emkay Research

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