# SPR Auto Technologies Ltd.)

## Investment Thesis

- **Market-leading ICE franchise with resilient growth drivers:** SPR commands 40–45% market share in pistons & rings and ~90% share in CNG piston rings, providing a strong competitive moat. The legacy business continues to outgrow industry production (>16% vs 12–14% industry growth) and is expected to benefit from exports, aftermarket demand and increasing adoption of CAFE norms and E20–E85 flex-fuel platforms, driving higher content per vehicle.
- **Diversified portfolio significantly lowers ICE disruption risk:** Through acquisitions and strategic partnerships, the company has transformed into a multi-powertrain component supplier, with ~60% of consolidated revenue insulated from direct ICE-to-EV transition risk and ~35% of revenue generated from powertrain-agnostic businesses, including automotive interiors, lighting, precision plastics and EV components.
- **High-growth subsidiaries to accelerate earnings growth:** The EV motors & controllers business doubled revenue in FY26 and is positioned for another strong growth phase with the full utilization of expanded capacity and increasing OEM penetration. Simultaneously, the Antolin acquisition has expanded SPR's addressable market into premium interiors, where EBITDA margins have already improved from ~7–8% to the early teens, while precision plastics businesses continue to benefit from ongoing capacity additions.
- **Margin expansion and disciplined capital allocation provide earnings visibility:** Management targets consolidated EBITDA margins of 20%+ over the medium term through procurement synergies, localization and operating leverage, supported by improving profitability across acquired businesses. Despite recent acquisitions, leverage remains conservative at 0.2x net debt-to-equity (net debt of ~₹550 crore), providing ample capacity for further value-accretive acquisitions while reducing finance costs through gradual deleveraging.
- **Well positioned to capitalize on the multi-powertrain transition:** Management expects ICE, hybrids, CNG, flex-fuel and EV platforms to coexist over the next decade, allowing SPR to participate across all major propulsion technologies. Backed by strong technology partnerships, a diversified product portfolio and continuous capacity expansion, the company is well placed to sustain double-digit revenue growth and gradual margin improvement over the medium term.

- **Outlook:**.

SPR is well positioned to deliver double-digit growth, supported by its market-leading ICE franchise and increasing contribution from powertrain-agnostic businesses. Continued scaling of high-growth subsidiaries, Antolin synergies and margin improvement are expected to drive sustainable earnings growth over the medium term. We maintain our Revenue/EBITDA/PAT CAGR estimates for FY26-FY28E 25%/25%/28%

While near-term margins may remain under pressure due to commodity cost pass-through and elevated finance costs, management expects profitability to improve as these normalize alongside continued subsidiary scaling and Antolin synergies.

**At CMP, the company is trading at a PE multiple of 21x to its FY28E EPS, we assign PE multiple of 25x and arrive at a TP of ₹5,214, implying an upside of 21% with a BUY rating.**

**CMP: ₹ 4,325**

**Reco: BUY**

**Target Price: ₹ 5,214**

| Stock Info | |
|---|---|
| BSE | 544344 |
| NSE | SHRIPISTON |
| Sector | Auto Components |
| Face Value (₹) | 10 |
| Equity Capital (₹ Cr) | 44 |
| Mkt Cap (₹ Cr) | 19,051 |
| Avg volume (1 year) | 1,07,639 |
| Dividend yield (%) | 0.23 |
| 52w H/L (₹) | 4,560 / 2,346 |

Source: Company filings, PESB research

| Shareholding Pattern (June 2026) | |
|---|---|
| Promoters | 43.75% |
| FII | 8.21% |
| DII | 12.16% |
| Public | 35.86% |

Source: Company filings, PESB research

**Previous report (link):**

Shriram Pistons & Rings Ltd.

**Anupama Bhootra**
Analyst
**Siyaa Deshmukh**
Associate

## Concall Highlights

- **Legacy business continues to outperform despite EV overhang:** Management indicated the standalone legacy business grew >16%, outperforming underlying industry production growth of 12–14%, reflecting market share gains. Additionally, tighter CAFE norms and E20–E85 flex-fuel adoption require advanced coatings and piston technologies, resulting in higher realizations/content per vehicle, providing a structural growth lever for the ICE portfolio.

- **Antolin integration is ahead of plan with profitability improving materially:** EBITDA margins in the interiors business have improved from ~7–8% pre-acquisition to the early teens, driven by procurement savings, fixed-cost rationalization and operating synergies. Beyond cost benefits, the company has begun bidding for premium products such as HMI cockpits, smart lighting, backlit trims and advanced headliners, which should improve content per vehicle and support future order wins.

- **Q1 margin pressure appears temporary with recovery expected from Q2:** Commodity inflation compressed margins due to the one-quarter OEM pass-through mechanism, while commodity prices have already begun easing. Management expects full recovery of raw material cost increases in Q2, implying Q1 margins do not represent the normalized earnings power of the business.

- **EMFI remains one of the fastest-growing verticals:** The EV motors & controllers business doubled revenue in FY26, despite the Coimbatore expansion contributing only from December 2025. Management expects FY27 to benefit from a full year of expanded capacity, with customer additions across 2W, PV and CV OEMs, supporting another year of strong growth.

- **Strong balance sheet leaves room for further M&A:** Despite multiple acquisitions, net debt stands at ~₹550 crore, while net debt-to-equity is only 0.2x, providing significant headroom for inorganic growth. Management reiterated that acquisitions will continue to be evaluated based on technology, market access and strategic fit rather than transaction size.

- **Capacity expansion supports medium-term growth visibility:** Phase-IV expansion at Takahata is underway with commercial production expected from early next year, while capacity additions continue across TGPL, EMFI and the legacy business. Management emphasized that incremental capex is being undertaken ahead of customer demand, supporting growth over FY27–FY28.

**Management Outlook and Guidance:**

Management expects strong double-digit revenue growth in FY27, supported by sustained demand across 2Ws, PVs, CVs and tractors, with the legacy business continuing to outperform industry growth (>16% vs industry production growth of 12–14% in Q1). EBITDA margins are expected to improve from Q2 as the one-quarter commodity cost pass-through normalizes, while Antolin margins have already improved from 7–8% to the early teens. Growth will be further driven by a full-year contribution from EMFI's expanded capacity, continued capacity additions across subsidiaries, and new technology-led programs, while elevated finance costs from the Antolin acquisition are expected to reduce as debt is repaid.

## Q1 FY27 Financials (Consolidated)

| Particulars (₹ Cr) | Q1FY27 | Q1FY26 | YoY | Q4FY26 | QoQ |
|---|---|---|---|---|---|
| Revenue from Operations | 1,474 | 963 | 53% | 1,456 | 1% |
| Costs | 752 | 406 | 85% | 750 | 0% |
| Employee Exp | 169 | 142 | 18% | 158 | 7% |
| Other Exp | 296 | 220 | 34% | 280 | 6% |
| **EBITDA** | **258** | **195** | **32%** | **268** | **-4%** |
| ***EBITDA Margin*** | ***17%*** | ***20%*** | ***-275bps*** | ***18%*** | ***-90bps*** |
| Depreciation & Amortization | 53 | 32 | 70% | 52 | 3% |
| **EBIT** | **205** | **164** | **25%** | **216** | **-5%** |
| ***EBIT Margin*** | ***14%*** | ***17%*** | ***-311bps*** | ***15%*** | ***-97bps*** |
| Finance Cost | 34 | 9 | 280% | 33 | 4% |
| Other Income | 25 | 28 | -13% | 25 | 0% |
| Exceptional Items | 0 | 0 | - | 2 | |
| **EBT** | **195** | **183** | **7%** | **206** | **-5%** |
| Tax Expense | 48 | 48 | -1% | 47 | 1% |
| **PAT** | **148** | **135** | **9%** | **159** | **-7%** |
| ***PAT Margin*** | ***10%*** | ***14%*** | ***-399bps*** | ***11%*** | ***-91bps*** |

*Source: Company filings, PESB Research*

# SPR Auto Technologies Ltd.)



## Consolidated Financials

| Income Statement (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Revenue from Operations | 2,609 | 3,089 | 3,550 | 4,459 | 6,010 | 6,919 |
| *Growth %* | | *18%* | *15%* | *26%* | *35%* | *15%* |
| COGS | 1,098 | 1,248 | 1,488 | 2,058 | 2,737 | 3,188 |
| Employee Benefit Expenses | 410 | 459 | 514 | 576 | 1,052 | 1,211 |
| Other Expenses | 641 | 740 | 824 | 949 | 1,159 | 1,159 |
| **EBITDA** | **460** | **641** | **724** | **875** | **1,062** | **1,360** |
| *EBITDA Margin* | *18%* | *21%* | *20%* | *20%* | *18%* | *20%* |
| *EBITDA Growth* | *-* | *39%* | *13%* | *21%* | *21%* | *28%* |
| Depreciation and Ammortization | 95 | 108 | 120 | 149 | 212 | 262 |
| **EBIT** | **366** | **534** | **604** | **726** | **849** | **1,098** |
| *EBIT Margin* | *14%* | *17%* | *17%* | *16%* | *14%* | *16%* |
| Other Income | 47 | 85 | 111 | 113 | 189 | 217 |
| Finance Cost | 19 | 30 | 34 | 62 | 80 | 101 |
| **PBT** | **393** | **588** | **681** | **750** | **958** | **1,214** |
| *PBT Margin* | *15%* | *19%* | *19%* | *17%* | *16%* | *18%* |
| Tax | 99 | 150 | 166 | 189 | 234 | 296 |
| **PAT** | **294** | **438** | **515** | **560** | **724** | **918** |
| *PAT Margin* | *11%* | *14%* | *15%* | *13%* | *12%* | *13%* |
| *PAT Growth* | *-* | *49%* | *18%* | *9%* | *29%* | *27%* |
| EPS | 66.79 | 99.54 | 117.00 | 127.38 | 164.56 | 208.55 |
| | | | | **FY23-26** | | **FY26-FY28E** |
| Revenue CAGR | | | | 20% | | 25% |
| EBITDA CAGR | | | | 24% | | 25% |
| PAT CAGR | | | | 24% | | 28% |

*Source: Company filings, PESB Research*

| Balance Sheet (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-Current Assets** | | | | | | |
| PPE | 543 | 679 | 771 | 1,008 | 1,296 | 1,646 |
| ROU | 97 | 101 | 191 | 319 | 522 | 846 |
| Other Intangible Assets | 91 | 107 | 108 | 327 | 350 | 379 |
| Other Non-Current Assets | 179 | 294 | 379 | 1,691 | 2,171 | 2,171 |
| **Total Non-Current Assets** | **910** | **1,181** | **1,449** | **3,344** | **4,341** | **5,043** |
| **Current Assets** | | | | | | |
| Inventories | 339 | 391 | 472 | 624 | 861 | 1,005 |
| Investments | 67 | 110 | 26 | 124 | 117 | 113 |
| Trade Receivables | 397 | 476 | 584 | 833 | 952 | 1,106 |
| Cash & Cash equivalents | 647 | 862 | 1,052 | 1,036 | 1,035 | 1,699 |
| Other Current Assets | 54 | 118 | 146 | 192 | 192 | 192 |
| **Total Current Assets** | **1,504** | **1,957** | **2,280** | **2,809** | **3,158** | **4,115** |
| **Total Assets** | **2,414** | **3,138** | **3,729** | **6,153** | **7,498** | **9,158** |
| **EQUITY** | | | | | | |
| Equity Share Capital | 22 | 44 | 44 | 44 | 44 | 44 |
| Other Equity | 1,505 | 1,882 | 2,350 | 2,857 | 3,581 | 4,499 |
| Minority Interest | 45 | 95 | 104 | 117 | 117 | 117 |
| **Total Equity** | **1,572** | **2,021** | **2,497** | **3,018** | **3,742** | **4,660** |
| **LIABILITIES** | | | | | | |
| Total Borrowings | 299 | 455 | 478 | 1,867 | 2,408 | 3,030 |
| Trade Payables | 292 | 356 | 411 | 683 | 763 | 883 |
| Other Liabilities | 251 | 307 | 343 | 585 | 585 | 585 |
| **Total Liabilities** | **842** | **1,118** | **1,232** | **3,134** | **3,756** | **4,498** |
| **Total Equity and Liabilities** | **2,414** | **3,138** | **3,729** | **6,153** | **7,498** | **9,158** |

*Source: Company filings, PESB Research*

| Cash Flow Statement (₹ Cr) | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|
| Cash flow from Operations | 395 | 487 | 434 | 625 | 741 | 1,103 |
| Cash flow from Investing | -476 | -422 | -385 | -1,815 | -1,202 | -961 |
| Cash flow from Financing | 93 | -42 | -61 | 1,252 | 461 | 522 |

*Source: Company filings, PESB Research*

## Disclosures and Disclaimers:

| Stock Rating | Absolute Return |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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