

India

**ADD** (no change)

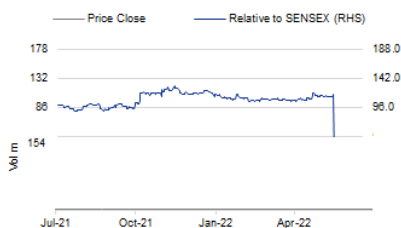
Consensus ratings\*: Buy 6 Hold 2 Sell 2

Current price:	Rs4,095
Target price:	Rs4,515 ▲
Previous target:	Rs4,200
Up/downside:	10.3%
InCred Research / Consensus:	20.3%
Reuters:	
Bloomberg:	SKF IN
Market cap:	US\$2,788m Rs202,424m
Average daily turnover:	US\$2.1m Rs152.8m
Current shares o/s:	49.4m
Free float:	47.4%

\*Source: Bloomberg

**Key changes in this note**

- Raise FY23F-24F EBITDA by 9-11%.
- Raise FY23F-24F PAT by 8-10%.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	15.4	21.1	43.7
Relative (%)	7.7	21.5	33.1

<b>Major shareholders</b>	% held
Promoter	52.6
HDFC Mutual Fund	7.5
MIRAE Mutual Fund	6.3

**Analyst(s)**



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# SKF India Ltd

## Localization to gather pace

- 1QFY23 EBITDA beat of 22% was led by higher sales, gross margin, and operating leverage. Increased capex plan to drive localization.
- We expect increased market penetration, new product launches, localization, and margin recovery to aid earnings growth.
- Maintain Add rating on the stock with a higher target price of Rs4,515.

### Strong EBITDA margin led to PAT beat

SKF India's 1QFY23 sales (+52% yoy, +2% qoq) were 5% above our estimate with automotive/ industrial/exports contributing 43%/49%/9% vs. 40%/47%/14%, respectively, in 4QFY22. As per management, demand remains intact with robust order book, but challenges remain in the global environment. 1Q EBITDA margin came in at a solid 17.4% (+102bp yoy, +207bp qoq) which bettered our estimate of 15% led by improvement in gross margin to (+172bp qoq) and operating leverage. PAT was 19% above our estimate, aided by higher-than-estimated sales and EBITDA margin. Volume/price and mix contributed 40%/60%, respectively, to FY22 revenue growth.

### Increase in capex to improve the level of localization

Currently, localization level stands at 95%-97%/35%-40% for automotive/industrial segments, respectively. Management expects localization to gain pace as it is targeting higher capex by 30%-40% from current capex of ~Rs1bn p.a. The company is targeting products in strong growth areas such as infrastructure, cement, steel, construction equipment, gear boxes, pumps, motors, drives, compressors, etc., which mostly use deep groove ball bearings and spherical roller bearings. The company retains its domestic focus while exports are only meant to meet such demand if there is any idle capacity.

### Increased focus on the aftermarket segment

SKF India has introduced new products in the automotive aftermarket segment by leveraging its reach, and access to retail market and engineering centre. These products would be made in-house once volume rises. Increasing the reach (service 10k of total 20k postal pin code areas) is key priority in industrial aftermarket, which will address the counterfeit products issue as well. The company targets rotating equipment performance (REP) share to rise from 5%-7% currently to 20% in next three years. It has a 30%-40% market share in passenger wagon and locomotive segments and is focusing on gaining market share in the freight wagon segment (got approval for E and K-class bearings).

### Maintain Add rating with higher target price of Rs4,515

Sustaining end-market demand in FY23F, increasing market penetration, focus on REP, and a continuous recovery in gross margin gel well for earnings growth. We raise our FY23F-25F EPS by 8-10%, factoring in higher sales and margins, and increase target price to Rs4,515 based on 32x Sep 2024F EPS (+1SD 10-year average). Demand revival not sustaining and slower-than-expected localization are downside risks.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	26,329	36,036	44,720	50,282	56,305
Operating EBITDA (Rsm)	4,201	5,557	7,490	8,637	9,912
Net Profit (Rsm)	2,977	3,951	5,483	6,473	7,478
Core EPS (Rs)	60.2	79.9	110.9	130.9	151.2
Core EPS Growth	3.0%	32.7%	38.8%	18.1%	15.5%
FD Core P/E (x)	67.99	51.23	36.92	31.27	27.07
DPS (Rs)	130.0	14.5	17.0	18.0	20.0
Dividend Yield	3.17%	0.35%	0.42%	0.44%	0.49%
EV/EBITDA (x)	47.03	35.73	26.21	22.28	18.96
P/FCFE (x)	25.93	683.66	70.91	42.42	36.79
Net Gearing	(30.9%)	(20.5%)	(25.9%)	(34.3%)	(40.8%)
P/BV (x)	12.94	10.73	8.61	6.96	5.69
ROE	19.0%	21.0%	23.3%	22.3%	21.0%
% Change In Core EPS Estimates			10.37%	8.73%	8.26%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Localization to gather pace

### 1QFY23 results

#### SKF India 1QFY23 conference-call highlights ►

- **Demand** is intact and the order book is robust, but the global environment is challenging.
- **Growth in FY22:** Volume/pricing contributed 40%/60% to FY22 revenue growth, respectively.
- **Revenue breakup:** 1QFY23 revenue mix was 42%/49%/9% for automotive/industrial/export segments, respectively, vs. 40%/47%/14% in 4QFY22 and 42%/47%/10% in FY22. In the automotive segment, OEM/after-market (AM) account for 60%/40% share while in the industrial segment, OEM/AM account for 65%/35% share, respectively, in 1QFY23. Revenue mix for total OEM/total aftermarket/export segments was 55%/36%/9% in 1QFY23 vs. 52%/34%/14%, respectively, in 4QFY22.
- **Pricing:** Pricing by automotive OEMs is directly linked to the steel index. In the auto aftermarket, company has higher pricing power and the product price that it raised would generally not go down. In the industrial segment, there are binding contracts for a period of 3-12 months. The company is trying to incorporate short-duration contracts or include price escalation clause in its upcoming contracts.
- **Transfer pricing adopts net margin method:** As major risk is taken by the manufacturing entity, higher margins stay with the manufacturing entity rather than with the selling entity, while the reverse is true for exports as well. Negative forex impact is borne by the manufacturing entity.
- **Capex for localization:** Localization is expected to gather pace going ahead. Currently, the level of localization is 95%-97%/35%-40% for automotive/industrial segments, respectively. The company spends ~Rs1bn annually on capex and would increase capex by 30%-40% going ahead mainly to increase the level of localization. Capex implementation takes a year and is for long-term growth, which would not be impacted by any near-term slowdown.
- **New products introduced in the automotive aftermarket segment:** The company has introduced products in the auto aftermarket segment like grease and other products reducing friction, which form 5% of its sales currently. The company wants to leverage its reach, and current access to the retail market and engineering centre in India by expanding into new products in the auto aftermarket segment. The company would start manufacturing these new products when they reach 10%-15% of the aftermarket revenue. The original equipment spares model of auto OEMs helps to boost the company's growth.
- **Railways segment:** The company has a 30%-40% market share in passenger wagon and locomotive segments and is focusing on gaining market share in the freight wagon segment. The company's class A and class K bearings are already approved, and it is in discussions with several wagon manufacturers and have worked on some pilot orders as well. Railways segment contributes 7%-8% to the company's total revenue.
- **Exports:** The company is fully focused on the domestic market. Export market is only used to meet such demand if there is any idle capacity. The company would be supporting the European region, like it had done in FY22, if it needs any support.
- **Priority on industrial products to be localized:** The company is targeting products going into strong growth areas such as infrastructure, cement, steel, construction equipment, gear boxes, pumps, motors, drives, compressors, etc., which mostly use deep groove ball bearings and spherical roller bearings.

- **Segments gaining market share:** In the automotive segment, the company's focus is on two-wheelers and commercial vehicles, where it has gained market share from competitors. Import substitution has not made any big impact. The company would be investing and expanding its portfolio of products in these segments to gain market share further by ensuring that the right products are delivered by it for these segments. Almost 50% of auto segment revenue comes from two-wheelers.
- **Industrial aftermarket:** Increasing the reach is a key priority, which will also reduce counterfeit products, as industrial customers prefer reputed players. The company has a direct reach to 10k pin codes of the total 20k postal pin code areas. It is working through online channels and dealers to increase its reach. Online market contributes 5% to the segment's revenue.
- **Rotating equipment performance:** This segment contributes 5%-7% to the company's total revenue. It targets industries where the cost of failure is much higher than replacement like steel, cement, and turbines. The company is targeting 20% of revenue from this model in the next three years. Right now, this model is EBITDA-neutral, and margins are better under this model than the normal product line. The company prefers to hire industrial experts to implement the focus area strategy effectively.

### 1QFY23 result highlights ▶

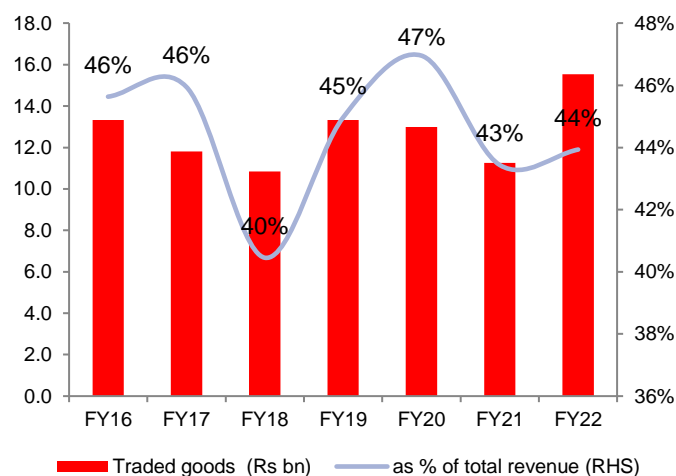
- SKF reported strong 1QFY23 net sales at Rs10.5bn (+52% yoy, +2% qoq), 5% above our estimate of Rs10bn (in line with consensus estimate).
- 1QFY23 reported EBITDA of Rs1.84bn (+61.5% yoy, +15% qoq) was 22% above our estimate/29% above consensus estimate of Rs1.5bn/Rs1.4bn, respectively, aided by operating leverage and a qoq decline in gross margin.
- EBITDA margin came in at 17.4% (+102bp yoy, +207bp qoq), above our estimate/consensus estimate of 15%/13.2%, respectively, aided by qoq improvement in gross margin (+172bp qoq, though down 624bp yoy on a high base as higher commodity prices impacted gross margin from 2HFY22) and operating leverage.
- Purchase of traded goods in 1QFY23 stood at 34.5% of sales vs. 41.4% in FY22, indicating a lower share of traded goods during the quarter as the auto segment's growth pick-up (however, change in inventory also plays a role but its break-up is not known - whether it is related to traded goods or manufactured goods - and hence, difficult to ascertain the exact share of traded goods).
- Other income stood at Rs89m (+39% yoy), 9% above our estimate of Rs82m.
- 1QFY23 PBT was at Rs1.76bn (+66% yoy, +21% qoq), 22% above our estimate of Rs1.44bn.
- Tax rate stood at 26.6%, higher than our estimate of 25%.
- Accordingly, core PAT stood at Rs1.3bn (+63% yoy, +18% qoq), 19% above our estimated PAT of Rs1.08bn (22% above consensus estimate) aided by higher sales and margins.

**Figure 1: Standalone quarterly results**

YE Mar (Rs m)	1QFY23	1QFY22	yoy % chg	4QFY22	qoq % chg	FY22	FY21	yoy % chg	1QFY23E	Deviation
<b>Total revenue</b>	<b>10,547</b>	<b>6,935</b>	<b>52.1%</b>	<b>10,390</b>	<b>1.5%</b>	<b>36,659</b>	<b>26,707</b>	<b>37.3%</b>	<b>10,069</b>	<b>4.8%</b>
Less:										
Net raw material consumed	6,415	3,786	69.5%	6,499	(1.3%)	22,452	15,612	43.8%	6,263	2.4%
Other expenses	1,518	1,333	13.9%	1,538	(1.3%)	5,793	4,434	30.7%	1,530	(0.8%)
Personnel expenses	777	680	14.3%	759	2.3%	2,857	2,463	16.0%	765	1.5%
Total expenditure	8,710	5,798	50.2%	8,796	(1.0%)	31,102	22,509	38.2%	8,558	
<b>EBITDA</b>	<b>1,837</b>	<b>1,138</b>	<b>61.5%</b>	<b>1,594</b>	<b>15.2%</b>	<b>5,557</b>	<b>4,198</b>	<b>32.4%</b>	<b>1,510</b>	<b>21.6%</b>
Less: Depreciation	161	140	14.7%	152	5.9%	571	580	(1.5%)	150	
<b>EBIT</b>	<b>1,676</b>	<b>997</b>	<b>68.1%</b>	<b>1,443</b>	<b>16.2%</b>	<b>4,986</b>	<b>3,619</b>	<b>37.8%</b>	<b>1,360</b>	
Less: Interest paid	5	4	0.0%	7	(34.2%)	21	18	14.9%	-	
Non-operating income	89	64	39.0%	21	316.4%	344	362	(5.1%)	82	
Profit before tax	1,761	1,058	66.4%	1,457	20.9%	5,310	3,963	34.0%	1,442	22.1%
<b>Profit before tax excl. extraordinary</b>	<b>1,761</b>	<b>1,058</b>	<b>66.4%</b>	<b>1,457</b>	<b>20.9%</b>	<b>5,310</b>	<b>3,963</b>	<b>34.0%</b>	<b>1,442</b>	
Less: Total tax	469	267	75.7%	362	29.5%	1,358	986	37.8%	361	
<b>Core PAT</b>	<b>1,292</b>	<b>791</b>	<b>63.3%</b>	<b>1,095</b>	<b>18.0%</b>	<b>3,951</b>	<b>2,978</b>	<b>32.7%</b>	<b>1,082</b>	<b>19.4%</b>
<b>Reported PAT</b>	<b>1,292</b>	<b>791</b>	<b>0.0%</b>	<b>1,095</b>	<b>18.0%</b>	<b>3,951</b>	<b>2,978</b>	<b>32.7%</b>	<b>1,082</b>	<b>19.4%</b>
Diluted shares outstanding (m)	49	49		49		49	49		49	
Reported EPS (Rs.)	26	16.0	63.3%	22.1	18.1%	79.9	60.2	32.7%	21.9	19.3%
<b>Proforma EPS (Rs.)</b>	<b>26</b>	<b>16.0</b>	<b>63.3%</b>	<b>22.1</b>	<b>18.0%</b>	<b>79.9</b>	<b>60.2</b>	<b>32.7%</b>	<b>21.9</b>	
<b>Margin analysis</b>			<b>yoy bp chg</b>		<b>qoq bp chg</b>			<b>yoy bp chg</b>		
Raw material cost as % of total revenue	60.8%	54.6%	624.0	62.5%	(172.2)	61.2%	58.5%	278.9	62.2%	
Other expenses as a % of total revenue	14.4%	19.2%	(482.5)	14.8%	(41.0)	15.8%	16.6%	(79.9)	15.2%	
Personnel cost as a % of total revenue	7.4%	9.8%	(243.1)	7.3%	5.9	7.8%	9.2%	(142.9)	7.6%	
<b>EBIDTA margin</b>	<b>17.4%</b>	<b>16.4%</b>	<b>101.5</b>	<b>15.3%</b>	<b>207.3</b>	<b>15.2%</b>	<b>15.7%</b>	<b>(56.0)</b>	<b>15.0%</b>	
EBIT margin	15.9%	14.4%	151.2	13.9%	201.0	13.6%	13.5%	5.2	13.5%	
PBT margin (%)	16.7%	15.3%	143.8	14.0%	267.3	14.5%	14.8%	(35.5)	14.3%	
Proforma NPM	12.2%	11.4%	83.9	10.7%	150.3	10.7%	11.3%	(53.9)	10.7%	
Effective tax rate (%)	26.6%	25.2%	141.4	24.9%	178.1	25.6%	24.9%	71.5	25.0%	

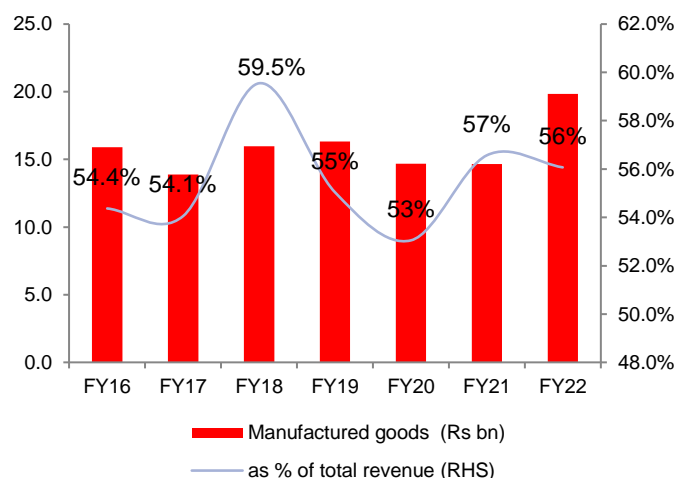
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: Sales of traded goods, as a % of total sales, increased by 50bp yoy to 43.9% in FY22**



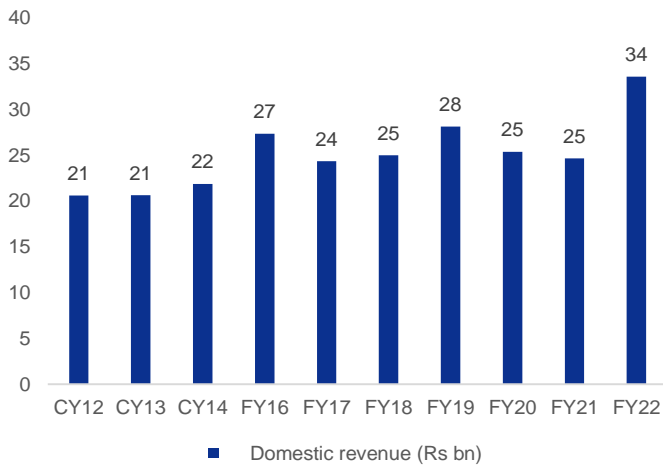
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Sales of manufactured goods grew 35% yoy in FY22**



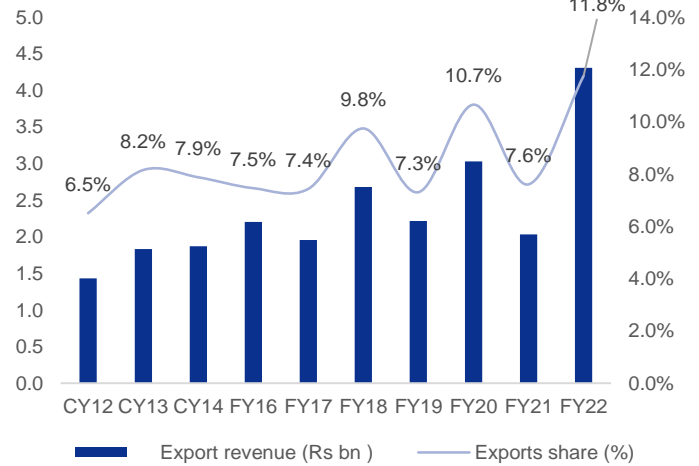
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Domestic revenue grew 31% yoy in FY22**



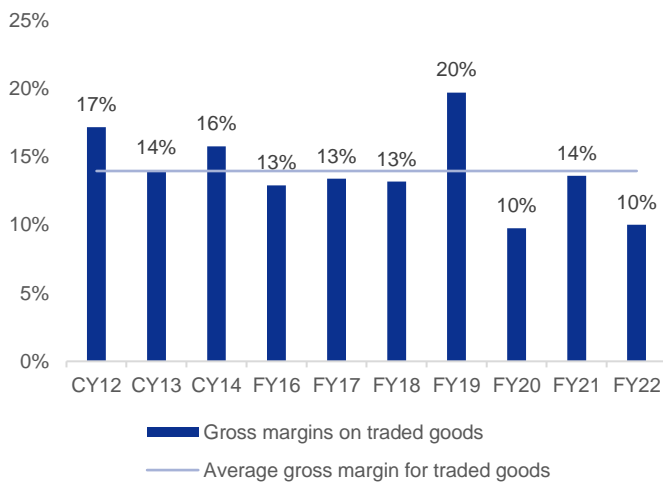
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: FY22 exports grew 112% yoy led by launch of new products and increased demand from sister companies**



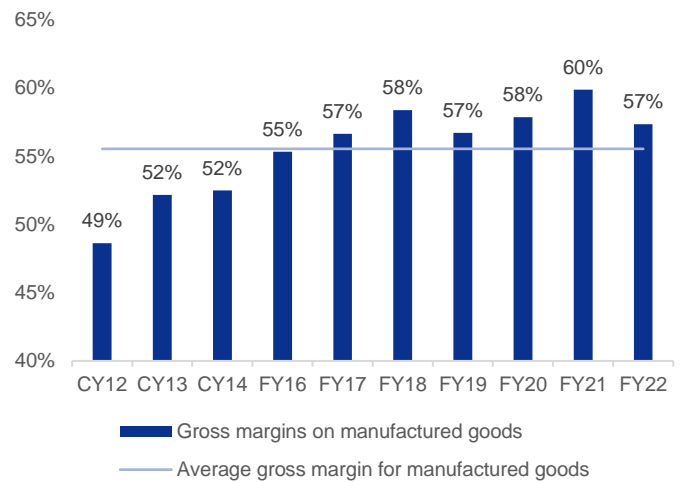
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: Gross margin on traded goods declined by 359bp yoy in FY22 and has been volatile since last four years**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: Gross margin on manufactured goods was down by 254bp yoy in FY22 on a high base but still in line with the historical trend, despite commodity pressure**



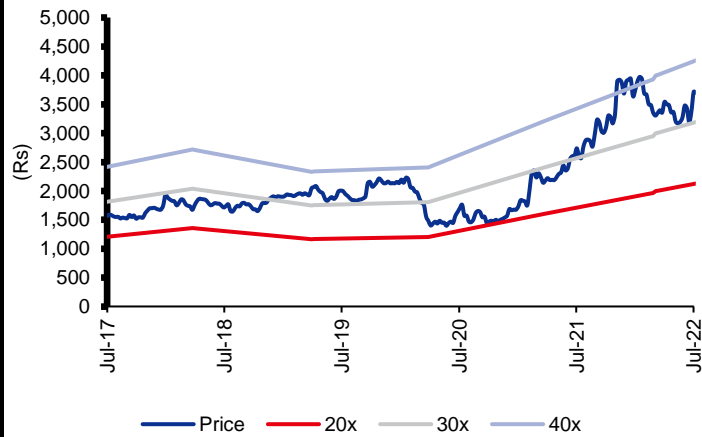
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 8: Earnings revision table**

Rs (m)	Old Estimates			New Estimates			Change		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Revenue	43,344	48,944	54,892	44,720	50,282	56,305	3.2%	2.7%	2.6%
EBITDA	6,769	7,918	9,122	7,490	8,637	9,912	10.6%	9.1%	8.7%
PAT	4,968	5,953	6,905	5,483	6,473	7,478	10.4%	8.7%	8.3%
EPS	100	120	140	111	131	151	10.4%	8.7%	8.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: SKF India: one-year forward P/E



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: SKF India: current P/E at above +1SD five-year average

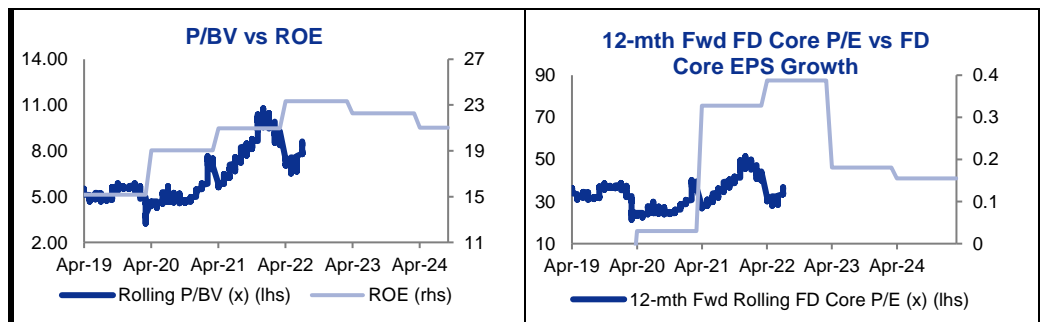


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Peer comparison

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US\$ m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
						FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
SKF	SKF IN	Add	4,087	4,515	2,507	37	31	27	10.7	8.6	6.9	26	22	19	0.4	0.4	0.5
Schaeffler	SCHFL IN	Add	2,584	2,900	4,974	47	40	34	11.1	9.5	8.1	31	27	23	0.6	0.7	0.8
Timken	TMKN IN	Hold	2,967	2,320	2,725	54	46	41	10.9	8.9	7.3	35	31	28	0.1	0.1	0.1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
<b>Total Net Revenues</b>	<b>26,707</b>	<b>36,659</b>	<b>44,720</b>	<b>50,282</b>	<b>56,305</b>
<b>Gross Profit</b>	<b>11,095</b>	<b>14,207</b>	<b>17,441</b>	<b>19,711</b>	<b>22,240</b>
<b>Operating EBITDA</b>	<b>4,201</b>	<b>5,557</b>	<b>7,490</b>	<b>8,637</b>	<b>9,912</b>
Depreciation And Amortisation	(580)	(571)	(638)	(643)	(727)
<b>Operating EBIT</b>	<b>3,622</b>	<b>4,986</b>	<b>6,852</b>	<b>7,995</b>	<b>9,186</b>
Financial Income/(Expense)	(21)	(21)	(21)	(21)	(21)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	362	344	536	724	883
<b>Profit Before Tax (pre-EI)</b>	<b>3,963</b>	<b>5,310</b>	<b>7,367</b>	<b>8,698</b>	<b>10,048</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>3,963</b>	<b>5,310</b>	<b>7,367</b>	<b>8,698</b>	<b>10,048</b>
Taxation	(986)	(1,358)	(1,885)	(2,225)	(2,570)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,977</b>	<b>3,951</b>	<b>5,483</b>	<b>6,473</b>	<b>7,478</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,977</b>	<b>3,951</b>	<b>5,483</b>	<b>6,473</b>	<b>7,478</b>
Recurring Net Profit	2,977	3,951	5,483	6,473	7,478
<b>Fully Diluted Recurring Net Profit</b>	<b>2,977</b>	<b>3,951</b>	<b>5,483</b>	<b>6,473</b>	<b>7,478</b>

**Cash Flow**

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
<b>EBITDA</b>	<b>4,201</b>	<b>5,557</b>	<b>7,490</b>	<b>8,637</b>	<b>9,912</b>
Cash Flow from Invt. & Assoc.	(239)	(248)	(123)	61	136
Change In Working Capital	(16)	(3,614)	(1,884)	(1,123)	(1,481)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	580	571	638	643	727
Other Operating Cashflow	(231)	(209)	(536)	(724)	(883)
Net Interest (Paid)/Received	(21)	(21)	(21)	(21)	(21)
Tax Paid	(1,057)	(1,486)	(1,885)	(2,225)	(2,570)
<b>Cashflow From Operations</b>	<b>3,218</b>	<b>550</b>	<b>3,679</b>	<b>5,248</b>	<b>5,819</b>
Capex	(736)	(916)	(1,200)	(1,200)	(1,200)
Disposals Of FAs/subsidiaries	43	9			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	5,282	654	536	724	883
<b>Cash Flow From Investing</b>	<b>4,589</b>	<b>(254)</b>	<b>(664)</b>	<b>(476)</b>	<b>(317)</b>
Debt Raised/(repaid)			(161)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(6,427)	(717)	(840)	(890)	(989)
Preferred Dividends					
Other Financing Cashflow	(21)	(21)			
<b>Cash Flow From Financing</b>	<b>(6,448)</b>	<b>(738)</b>	<b>(1,001)</b>	<b>(890)</b>	<b>(989)</b>
Total Cash Generated	1,359	(442)	2,014	3,882	4,514
<b>Free Cashflow To Equity</b>	<b>7,807</b>	<b>296</b>	<b>2,855</b>	<b>4,772</b>	<b>5,502</b>
<b>Free Cashflow To Firm</b>	<b>7,828</b>	<b>317</b>	<b>3,037</b>	<b>4,793</b>	<b>5,523</b>

SOURCES: INCRED RESEARCH, COMPANY REPORTS

## BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>	<b>Mar-25F</b>
Total Cash And Equivalents	5,003	4,019	6,076	9,979	14,513
Total Debtors	5,834	6,871	8,209	8,954	10,027
Inventories	4,680	6,768	8,256	9,283	10,395
Total Other Current Assets	3,185	3,841	4,498	4,951	5,441
<b>Total Current Assets</b>	<b>18,703</b>	<b>21,499</b>	<b>27,039</b>	<b>33,167</b>	<b>40,377</b>
Fixed Assets	4,100	4,540	5,102	5,659	6,132
Total Investments	25	25	25	25	25
Intangible Assets					
Total Other Non-Current Assets	199	222	200	200	200
<b>Total Non-current Assets</b>	<b>4,324</b>	<b>4,787</b>	<b>5,327</b>	<b>5,884</b>	<b>6,357</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	5,769	5,244	6,397	7,193	8,054
Other Current Liabilities	1,444	2,023	2,467	2,774	3,106
<b>Total Current Liabilities</b>	<b>7,213</b>	<b>7,267</b>	<b>8,864</b>	<b>9,967</b>	<b>11,161</b>
Total Long-term Debt	176	161			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>176</b>	<b>161</b>			
Total Provisions					
<b>Total Liabilities</b>	<b>7,388</b>	<b>7,428</b>	<b>8,864</b>	<b>9,967</b>	<b>11,161</b>
Shareholders Equity	15,638	18,859	23,501	29,084	35,573
Minority Interests					
<b>Total Equity</b>	<b>15,638</b>	<b>18,859</b>	<b>23,501</b>	<b>29,084</b>	<b>35,573</b>

<b>Key Ratios</b>					
	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>	<b>Mar-25F</b>
Revenue Growth	(5.8%)	36.9%	24.1%	12.4%	12.0%
Operating EBITDA Growth	20.2%	32.3%	34.8%	15.3%	14.8%
Operating EBITDA Margin	16.0%	15.4%	16.7%	17.2%	17.6%
Net Cash Per Share (Rs)	97.64	78.03	122.90	201.84	293.56
BVPS (Rs)	316.30	381.45	475.35	588.27	719.52
Gross Interest Cover	170.04	239.73	329.41	384.35	441.62
Effective Tax Rate	24.9%	25.6%	25.6%	25.6%	25.6%
Net Dividend Payout Ratio	215.9%	18.1%	15.3%	13.7%	13.2%
Accounts Receivables Days	69.64	63.25	61.54	62.29	61.52
Inventory Days	107.52	93.06	100.52	104.71	105.43
Accounts Payables Days	(115.60)	(89.52)	(77.88)	(81.13)	(81.69)
ROIC (%)	33.6%	33.3%	39.4%	41.9%	43.7%
ROCE (%)	22.9%	26.2%	29.2%	27.5%	25.8%
Return On Average Assets	13.0%	15.1%	17.0%	16.6%	16.0%

<b>Key Drivers</b>					
	<b>Mar-21A</b>	<b>Mar-22A</b>	<b>Mar-23F</b>	<b>Mar-24F</b>	<b>Mar-25F</b>
Auto OEM	0.7%	46.0%	20.0%	12.0%	10.0%
Auto aftermarket	10.0%	27.8%	24.0%	12.0%	10.0%
Exports (largely Auto)	(33.0%)	111.7%	N/A	10.0%	10.0%
Total auto	(4.3%)	50.4%	16.7%	11.6%	10.0%
Industrial OEM	(10.0%)	45.4%	47.0%	14.0%	14.0%
Industrial after market	(6.0%)	8.0%	3.0%	12.0%	14.0%
Total Industrials	(10.0%)	45.4%	47.0%	14.0%	14.0%
Total sales	(8.0%)	26.0%	27.3%	13.3%	14.0%

SOURCES: INCRED RESEARCH, COMPANY REPORTS



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**Corporate Governance Report:** ([Thai CGR and Anti-Corruption of Thai Listed Companies - Click Here](#))

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<b>Description:</b>	Excellent	Very Good	Good	N/A	N/A

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##### Stock Ratings

Definition:	
<b>Add</b>	The stock's total return is expected to exceed 10% over the next 12 months.
<b>Hold</b>	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
<b>Reduce</b>	The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

##### Sector Ratings

Definition:	
<b>Overweight</b>	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
<b>Neutral</b>	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
<b>Underweight</b>	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

##### Country Ratings

Definition:	
<b>Overweight</b>	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
<b>Neutral</b>	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
<b>Underweight</b>	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.